# *RA6

**RESOLUTION NO. ____**

**RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS REQUESTING A JOINT PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF MILPITAS AND THE MILPITAS REDEVELOPMENT AGENCY ON PROPOSED REDEVELOPMENT PLAN AMENDMENTS AND ON THE SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT PREPARED IN CONNECTION THEREWITH**

**WHEREAS**, the City Council of the City of Milpitas ("**City Council**") originally approved and adopted the Redevelopment Plan for the Milpitas Redevelopment Project Area No. 1 (**"Project Area No. 1")** by Ordinance No. 192 on September 21, 1976 (as subsequently amended, hereafter the **"Project Area No. 1 Plan"**); and

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Great Mall Redevelopment Project Area (the "**Great Mall Project Area**") by Ordinance No. 192.8 adopted on November 2, 1993 (as subsequently amended, hereafter the "**Great Mall Plan**"); and

**WHEREAS**, Milpitas Redevelopment Agency ("**Agency**") staff and consultants have prepared proposed plan amendments (**"Plan Amendments")** that would effectuate a merger of Project Area No. 1 and the Great Mall Project Area; and

**WHEREAS**, pursuant to Health and Safety Code Section 33344.5, Agency staff and consultants prepared a Preliminary Report which describes and analyzes conditions in Project Area No. 1 and the Great Mall Project Area, the financial resources and projected revenue available to carry out redevelopment activities in the project areas, and the proposed merger of the project areas and amendment of the redevelopment plans; and

**WHEREAS,** on August 1, 2006, the Agency authorized transmittal of the Preliminary Report and proposed Plan Amendments to affected taxing entities; and

**WHEREAS,** the Milpitas City Planning Commission has determined that the proposed Plan Amendments are consistent with the Milpitas General Plan; and

**WHEREAS**, in compliance with the California Community Redevelopment Law (**"CRL")** and the California Environmental Quality Act (**"CEQA"**), Agency staff and consultants have prepared a Supplemental Environmental Impact Report (**"SEIR")** which analyses the potential environmental effects of implementation of the proposed Plan Amendments; and

**WHEREAS,** Agency staff and consultants have prepared a Final Report to Council pursuant to CRL Section 33352 (the **"Report to Council"**); and

**WHEREAS,** CRL Sections 33451 and 33454 require both the Agency and the City Council to conduct hearings on the proposed Plan Amendments; and

**WHEREAS,** CRL Section 33458 authorizes the Agency and the City Council to hold a joint public hearing upon the consent of both.

**NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The Agency hereby approves the Report to Council, authorizes transmittal of the Report to Council and the proposed Plan Amendments to the City Council, and hereby consents to the holding of a joint public hearing with the City Council to consider the Report to Council, the SEIR and the proposed Plan Amendments on November 21, 2006, at 7:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers.

Section 2. The Agency directs the Executive Director to comply with all noticing requirements for the joint public hearing set forth in the Community Redevelopment Law.

**PASSED AND ADOPTED** this 17TH day of October 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

______________________________
Mary Lavelle, Agency Secretary

APPROVED:

______________________________
Jose S. Esteves, Chair

APPROVED AS TO FORM:

______________________________
Steven T. Mattas, Agency Counsel

**RESOLUTION NO. ____**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS CONSENTING TO A JOINT PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF MILPITAS AND THE MILPITAS REDEVELOPMENT AGENCY ON PROPOSED REDEVELOPMENT PLAN AMENDMENTS AND ON THE SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT PREPARED IN CONNECTION THEREWITH**

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Milpitas Redevelopment Project Area No. 1 (**"Project Area No. 1")** by Ordinance No. 192 on September 21, 1976 (as subsequently amended, hereafter the **"Project Area No. 1 Plan"**); and

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Great Mall Redevelopment Project Area (the "**Great Mall Project Area**") by Ordinance No. 192.8 adopted on November 2, 1993 (as subsequently amended, hereafter the "**Great Mall Plan**"); and

**WHEREAS**, Milpitas Redevelopment Agency ("**Agency**") staff and consultants have prepared proposed plan amendments (**"Plan Amendments")** that would effectuate a merger of Project Area No. 1 and the Great Mall Project Area; and

**WHEREAS**, pursuant to Health and Safety Code Section 33344.5, Agency staff and consultants prepared a Preliminary Report which describes and analyzes conditions in Project Area No. 1 and the Great Mall Project Area, the financial resources and projected revenue available to carry out redevelopment activities in the project areas, and the proposed merger of the project areas and amendment of the redevelopment plans; and

**WHEREAS,** on August 1, 2006, the Agency authorized transmittal of the Preliminary Report and proposed Plan Amendments to affected taxing entities; and

**WHEREAS,** the Milpitas City Planning Commission has determined that the proposed Plan Amendments are consistent with the Milpitas General Plan; and

**WHEREAS**, in compliance with the California Community Redevelopment Law (**"CRL")** and the California Environmental Quality Act (**"CEQA"**), Agency staff and consultants have prepared a Supplemental Environmental Impact Report (**"SEIR")** which analyses the potential environmental effects of implementation of the proposed Plan Amendments; and

**WHEREAS,** Agency staff and consultants have prepared a Final Report to Council pursuant to CRL Section 33352 (the **"Report to Council")**, and the Agency has authorized transmittal of the Final Report and the proposed Plan Amendments to the City Council; and

**WHEREAS,** CRL Sections 33451 and 33454 require both the Agency and the City Council to conduct hearings on the proposed Plan Amendments; and

**WHEREAS,** CRL Section 33458 authorizes the Agency and the City Council to hold a joint public hearing upon the consent of both.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MILPITAS DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The City Council accepts the Report to Council and hereby consents to the holding of a joint public hearing with the Agency to consider the Report to Council, the SEIR and the proposed Plan Amendments on November 21, 2006, at 7:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers.

Section 2. The City Council directs the City Clerk, in cooperation with the Agency, to comply with all noticing requirements for the joint public hearing set forth in the Community Redevelopment Law.

**PASSED AND ADOPTED** this 17TH day of October 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

| ATTEST: | APPROVED: |
|---|---|
| ______________________________ | ______________________________ |
| Mary Lavelle, City Clerk | Jose S. Esteves, Mayor |

APPROVED AS TO FORM:

______________________________
Steven T. Mattas, City Attorney

# REPORT TO THE CITY COUNCIL
# FOR THE MERGER
of the
# MILPITAS REDEVELOPMENT PROJECT AREA NO. 1
and the
# GREAT MALL REDEVELOPMENT PROJECT

Prepared for:

**THE REDEVELOPMENT AGENCY**
**OF THE CITY OF MILPITAS**

OCTOBER 2006

# REPORT TO THE CITY COUNCIL
# FOR THE MERGER
of the
# MILPITAS REDEVELOPMENT PROJECT AREA NO. 1
and the
# GREAT MALL REDEVELOPMENT PROJECT

Prepared for:

## THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS

OCTOBER 2006

Prepared by:

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Golden Gateway Commons
55 Pacific Avenue Mall
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**FOR THE**
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**AND THE**
**GREAT MALL REDEVELOPMENT PROJECT**

# I. INTRODUCTION

## A. REPORT TO THE CITY COUNCIL PURPOSE AND CONTENTS

This Report to the City Council ("Report") for the proposed adoption of the merger amendments ("Amendments" or "Merger") to the existing Redevelopment Plans ("Redevelopment Plans" or "Plans") for the Great Mall Redevelopment Project and the Milpitas Redevelopment Project Area No. 1 ("Project Areas" or "Projects") has been prepared by the Redevelopment Agency of the City of Milpitas ("Agency") to fulfill the requirements of Sections 33352, 33354.6, 33457.1 and 33486 of the Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.,* the "CRL"). As discussed in the following section, the purpose of the proposed Amendments is to merge the Project Areas ("Merged Project Area") to revitalize the Project Areas through increased economic vitality of such areas and through increased and improved housing opportunities in or near such areas. The proposed Merger will help accomplish these objectives by, among other activities, enabling the installation along highway corridors of monument and digital message board signs that will advertise public events and private businesses within the two Project Areas in order to facilitate and increase the economic viability of the Great Mall Shopping Center and other businesses in the Merged Project Area.

Section 33354.6(a) of the CRL requires that when an agency proposes to amend a redevelopment project that utilizes tax increment to add territory to a project area; to increase either the limitation on the number of dollars (tax increment limit) to be allocated to the redevelopment agency or the time limit on establishing loans, advances, and indebtedness (debt establishment); to lengthen the period during which the Plan is effective (plan effectiveness); ***to merge projects,*** or to add significant additional capital improvement projects; an agency shall follow the same procedures it would for the adoption of a plan. Section 33486 of the CRL provides a merger may proceed by amendment of each redevelopment plan as provided in Article 12 (commencing with CRL Section 33450). Section 33457.1 of the CRL provides that "[t]o the extent warranted by a proposed amendment to a redevelopment plan, (1) the ordinance adopting an amendment to the redevelopment plan shall contain the findings required by Section 33367…, and (2) the reports and information required by Section 33352 shall be prepared and made available to the public prior to hearing on such amendment. Therefore, because the Agency is proposing to merge projects, which is a technical amendment, the Agency will follow applicable provisions, to the extent warranted, of CRL Sections 33320.1, *et seq.* and 33450, *et seq.* The proposed Merger will not add territory to the Project Areas, and does not extend the time or financial limits under the Plans; therefore, pursuant to Section 33457.1 of the CRL, the Merger of the Projects does not and will not require re-establishing blight or demonstrating that significant blight remains within the Project Areas.

This Report to the City Council is one of the legally required documents leading to the adoption of the proposed Amendments. Its purpose is to provide the information, documentation, and evidence required by CRL Section 33352 to accompany the proposed Amendments when these are submitted by the Agency to the City Council of the City of Milpitas ("City Council") for review. Such information, documentation, and evidence is provided to assist the City Council in its consideration of the proposed Amendments and in making the various findings associated with the adoption of the proposed Amendments.

This Report is divided into sections that generally correspond to the subdivisions contained in the CRL Section 33352 (subject to CRL Section 33457.1), which specify the required contents of the Report to the City Council pertaining to the proposed Amendments as described below in Table 1.

**Table 1: Organization of the Report to the City Council**

| **CRL Section** | | **Report Section** |
|---|---|---|
| 33352 (a) | *The reasons for the Amendments to merge the Project Areas, a description of the specific projects proposed by the Agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b). (Although the Agency is not adding new projects or programs by these Amendments, an overview of the type of development activities that will occur in the proposed Merged Project Area is provided in Section III.)* | Sections II and III |
| 33352 (b) | *A description of the remaining blighting conditions in the Project Area specified in Section 33031. (A finding of blight is not required for an amendment to merge project areas, however, an overview of blighting conditions is provided to show a lack of economic viability in the Project Areas.)* | Section II |
| 33352 (c) | *An Implementation Plan. (The Amendments will not alter the existing Implementation Plan.)* | Section V |
| 33352 (d) | *An explanation of why the elimination of blight and the redevelopment of the Merged Project Area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. (Not required for an amendment to merge project areas.)* | Not Applicable |

| CRL Section | | Report Section |
|---|---|---|
| 33352 (e) | *The proposed method of financing the redevelopment of the Merged Project Area including an assessment of economic feasibility of the proposed Amendments and reasons for continuing to include tax increment financing. (The Agency does not collect tax increment revenue from the Great Mall Project Area, and the proposed Merger will not alter that.)* | Section IV |
| 33352 (f) | *A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the Merged Project Area.* | Section VI |
| 33352 (g) | *Analysis of the Preliminary Plan. (Not required for an amendment to merge project areas.)* | Not Applicable |
| 33352 (h) | *The report and recommendations of the Planning Commission.* | Section VII |
| 33352 (i) | *The summary referred to in Section 33387. (Consultations with the property owners, residents, businesses and community organizations.)* | Section VIII |
| 33352 (j) | *The report required by Section 65402 of the Government Code. (Report on the conformity of the Amendments with the City's General Plan.)* | Section VII |
| 33352 (k) | *The report required by Section 21151 of the Public Resources Code. (Environmental Compliance – Environmental Impact Report)* | Section IX |
| 33352 (l) | *The report of the County Fiscal Officer per Section 33328 of the CRL (base year report). (Not required for an amendment to merge project areas.)* | Not Applicable |
| 33352 (m) | *Neighborhood Impact Report.* | Section X |
| 33352 (n) | *An analysis by the Agency of the report submitted by the County as required by Section 33328 (base year report), which shall include a summary of the consultation of the Agency, with each of the affected taxing entities. (Only consultations with taxing agencies are applicable and are included in the Report to the City Council.)* | Section XI |

## B. BACKGROUND

The Agency is in charge of implementing redevelopment within the City of Milpitas. As previously stated, the Agency is proposing to merge the City's two existing redevelopment project areas. In total, the proposed Merged Project Area will contain approximately 2,381 acres, which comprises approximately 27 percent of the total acres located in the City.

Figure 1 shows the boundaries of the Project Areas, which are located primarily along major commercial corridors including the original downtown area, the Great Mall Shopping Center, and the City's industrial area. Table 2 provides a summary of each of the Project Areas (including added areas) current time and financial limits as described in the Redevelopment Plans, as amended. The following is an overview of the Redevelopment Projects:

### Milpitas Redevelopment Project Area No. 1

The Milpitas Redevelopment Project Area No. 1 ("Project No. 1") contains approximately 2,230 acres or 94 percent of the proposed Merged Project Area. The original Redevelopment Plan for Project No. 1 was adopted by the City Council by Ordinance No. 192 on September 21, 1976, and consisted of approximately 577 acres located in the central portion of the City ("Original Project Area"). Since the original adoption of Project No. 1, the Redevelopment Plans has been amended nine (9) times.

The first amendment adopted September 4, 1979, by Ordinance No. 192.1 added approximately 483 acres to the Original Project Area. The second amendment adopted May 4, 1982, by Ordinance No. 192.2 added approximately 479 acres to the Original Project Area. The third amendment, adopted on November 27, 1984, by Ordinance No. 192.3, made technical text changes and increased the tax increment limit. The fourth amendment, adopted on December 9, 1986, by Ordinance No. 192.4, amended the Agency's tax increment limit.

The fifth amendment, adopted on April 16, 1991, by Ordinance No. 192.6A, amended the low income housing set-aside to include bond proceeds and restated and reorganized the provisions of the low income housing set-aside. The sixth amendment, adopted on December 9, 1994, by Ordinance No. 192.9, amended the time limits in accordance with Assembly Bill 1290. The seventh amendment, adopted on October 15, 1996, by Ordinance No. 192.11, increased the tax increment limit, increased the bond debt limit, and extended the debt establishment time limit. The eighth amendment, adopted June 17, 2003, by Ordinance No. 192.14, included the following: 1) added area (691 acres) to the Original Project Area (known as the "Midtown" area); 2) increased the tax increment limit; 3) increased the bonded indebtedness limit; 4) established eminent

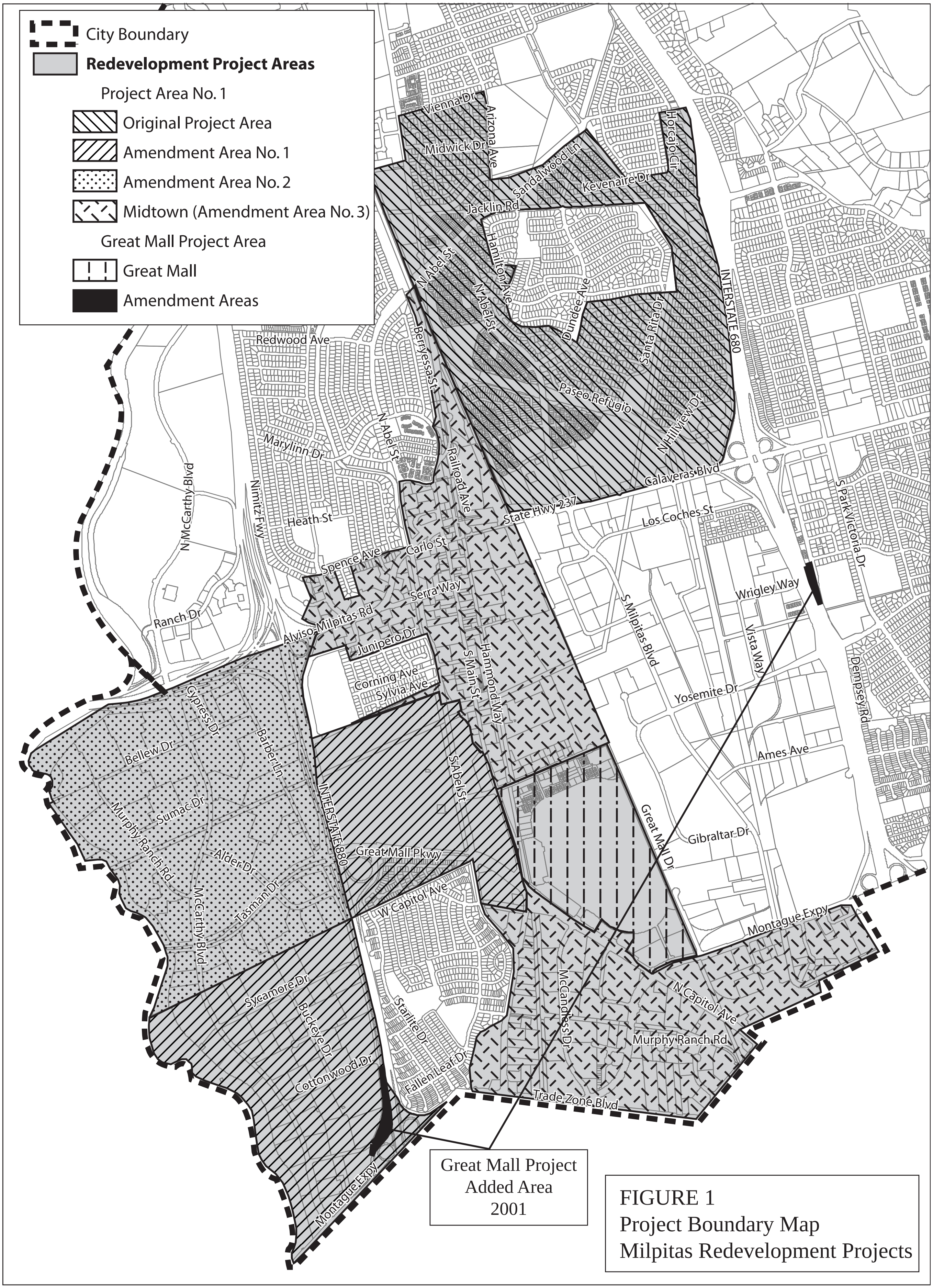


FIGURE 1
Project Boundary Map
Milpitas Redevelopment Projects

Prepared by: Keyser Marston Associates, Inc.
Filename: Boundary Map.ai; 09/18/06; cb

**TABLE 2**
**TIME AND FINANCIAL LIMITS**
**Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project**

| **COMMUNITY REDEVELOPMENT LAW REQUIREMENTS** | | | | | | |
|---|---|---|---|---|---|---|
| **PROJECT ADOPTION DATE** | **DEBT ESTABLISHMENT** | **PLAN EFFECTIVENESS** | **DEBT REPAYMENT (RECEIPT OF T.I.)** | **TAX INCREMENT** | **BOND DEBT** | **EMINENT DOMAIN** |
| Pre -1994 | 20 years from adoption or 1/1/04 whichever is later plus 10 year extension with significant remaining blight | 40 years from adoption or 1/1/09 whichever is later + 1 year extension for ERAF in FY 2003-04 (SB1045) + two additional years extension for ERAF for FY 2004-06 (SB 1096)[1] | 10 years after Plan effectiveness + 1 year extension for ERAF (SB1045) + two additional years extension for ERAF for FY 2004-06 (SB1096)[1] | Limit required no maximum | Limit required no maximum | 12 years maximum |
| **LIMITS ESTABLISHED BY MILPITAS REDEVELOPMENT PROJECT AREA NO. 1 AND THE GREAT MALL REDEVELOPMENT PROJECT** | | | | | | |
| **Project Area No. 1**<br>577 Acres<br>Adopted 9/21/76<br>Ordinance No. 192 | 1/1/14 | 9/21/19<br>(includes ERAF extensions) | 9/21/29<br>(includes ERAF extensions) | The total tax increment limit for the entire Project Area No. 1 is $2.4 billion | The total bonded indebtedness limit for the entire Project Area No. 1 is $498 million | Expired |
| Amended 9/4/79<br>Amend. Area No. 1<br>Add 483 Acres<br>Ordinance No. 192.1 | 1/1/14 | 9/4/22<br>(includes ERAF extensions) | 9/4/32<br>(includes ERAF extensions) | | | Expired |
| Amended 5/4/82<br>Amend. Area No. 2<br>Added 479 Acres<br>Ordinance No. 192.2 | 1/1/14 | 5/4/25<br>(includes ERAF extensions) | 5/4/35<br>(includes ERAF extensions) | | | Expired |
| Amended 6/17/03<br>Midtown Area<br>Added 691 Acres<br>Ordinance No. 192.14 | 20 years<br>6/17/23 | 6/17/34<br>(Post 1994 – 30 years from adoption; includes SB 1045; not eligible for SB 1096) | 6/17/49<br>(Post 1994 – 15 years for effectiveness; includes SB 1045; not eligible for SB 1096) | | | 6/17/15 |
| **Great Mall Project**<br>151 Acres<br>Adopted 11/2/93<br>Amended 10/16/01<br>Ordinance No. 192.13 | Not Applicable (project area does not receive tax increment) | 11/2/10<br>(15 year project; includes SB 1096 extensions) | Not Applicable (project area does not receive tax increment) | Not Applicable (project area does not receive tax increment) | Not Applicable (project area does not receive tax increment) | Not Applicable |

Keyser Marston Associates Inc., July 2006

[1] Per SB 1096, redevelopment plans with ten years or less of effectiveness remaining can be extended one year for each year an ERAF payment is made (total of two years, FY 04-05 and 05-06; this is in addition to the year (FY 03-04) extended previously by SB 1045); plans with 10 to 20 years remaining can also be extended one additional year for each year an ERAF payment is made only if the legislative body finds the agency is in compliance with major housing requirements; and, plans with more than 20 years or more remaining cannot be extended. The Great Mall Project has less than 10 years of plan effectiveness remaining and Project Area No. 1 (including the 1979 Amendment Area No. 1 and 1982 Amendment Area No. 2) will have between 12-18 years remaining after the FY 04-05 and 05-06 ERAF payments and therefore are eligible for the SB 1096 extensions for a total of two years. The Midtown Area adopted in 2003 is not eligible for the SB 1096 extension. The Agency adopted an ordinance for the SB 1096 amendment prior to the adoption of the proposed Merger.

domain in the 691-acre added area for non-residential land uses; and 5) revised and updated various text provisions to conform to the requirements of the CRL. The ninth amendment, adopted on October 7, 2003, by Ordinance No. 192.15, extended the time limits on plan effectiveness/receipt of tax increment by one year for the Original Project Area and the added areas as allowed by SB 1045 in response to the Agency's payments to the Educational Revenue Augmentation Fund (ERAF). The Agency is allowed to further extend the time limits on plan effectiveness/receipt of tax increment by two years for the Original Project Area and only the added areas adopted in 1979 and 1982 as allowed by SB 1096 in response to the Agency's ERAF payments made in fiscal years 2004-05 and 2005-06. The Agency adopted the SB 1096 amendment ordinance prior to the adoption of the proposed Merger. For clarification purposes, the SB 1096 amendment ordinance will be referred to as the tenth amendment to the Redevelopment Plans while the proposed Merger will be referred to as the eleventh amendment to the Redevelopment Plans.

**Great Mall Redevelopment Project**

The Great Mall Redevelopment Project ("Great Mall Project") was adopted by the City Council in 1993 and consists of 150 acres. The Great Mall Project has been amended twice. The first amendment, adopted on December 6, 1994, by Ordinance No. 192.10, brought the Project Area into conformity with the CRL as amended by Assembly Bill 1290. The second amendment, adopted on October 16, 2001, by Ordinance No. 192.13, added 0.89 acres in two separate properties (located along Interstate 880 & Montague Expressway containing 0.75 acres and along Interstate 680 south of Calaveras Boulevard containing less than 0.02 acres) for the placement and maintenance of freeway signs for the Great Mall of the Bay Area. Similar to Project No. 1, the Agency is allowed to extend the time limits on plan effectiveness/receipt of tax increment by two years for the Great Mall Project as allowed by SB 1096 in response to the Agency's ERAF payments made in fiscal years 2004-05 and 2005-06. The Agency adopted this third amendment (SB 1096 amendment) prior to the adoption of the proposed Merger, and the proposed Merger for clarification purposes will be referred to as the fourth amendment to the Great Mall Project.

The purpose of the Great Mall Project was for the rehabilitation and renovation of the existing improvements at the 1,200,000 square foot Great Mall Shopping Center. The Agency assisted in the construction of necessary public infrastructure improvements to support this retail land use. Although the Agency does not receive tax increment revenue from the Great Mall Project, the City receives sales tax revenues from the Great Mall Project. Under an Owner Participation Agreement with Ford Land Development, the developer of the Great Mall, the City shares one-half of the sales tax revenues generated by sales at the Great Mall to reimburse Ford for the $8.5 million in public improvements that benefit the Milpitas community. After Ford sold the Great Mall to the

Swerdlow Group, in May 2000, the City issued the Great Mall of the Bay Area Sales Tax Revenue Bonds at a more favorable interest rate to pay off the developer.

## C. GOALS AND OBJECTIVES

The Redevelopment Plans for the Great Mall Redevelopment Project and Milpitas Redevelopment Project Area No. 1 outline various Redevelopment Plan goals and objectives for each of the Project Areas. These goals and objectives are listed below with a notation of which goals and objectives will be furthered by the proposed Merger:

<u>Goals and Objectives</u>

**Milpitas Redevelopment Project Area No. 1**

*Transportation:*

1. Develop a transportation system integrated with the pattern of living, working and shopping areas to provide safe, convenient and efficient movement within the City to other parts of the region by whatever means of transit available. *[The proposed signs will help to direct and effectively move traffic thereby furthering this goal]*

2. Direct special consideration toward the circulation needs of a modern, convenient central business district, including adequate off-street parking. *[The proposed signs will include advertisement for businesses in the Central Business District and will include way finding signs which will help to attain this goal]*

3. Promote a traffic pattern to encourage industry and further the potential of industrial land.

4. Prevent the dispersal of employment and activities in the community over a larger area causing dependence on greater travel and inconvenience to the citizens of the City of Milpitas and the persons employed by industries within the Project Area.

*Utilities and Public Infrastructure:*

1. Promote community facilities and utilities commensurate with the anticipated needs of Milpitas, as well as any special needs of the region.

2. Eliminate and prevent the spread of blighting influences including vacant and under-utilized land and deteriorating buildings, inadequate transportation, sewer,

water and drainage, and other physical and economic and environmental deficiencies.

3. Provide the framework and infrastructure for restoring economic health to the Project Area.

*Open Space:*

1. Develop adequate civic, recreational, and cultural centers in locations for the best service to the community and in ways that will promote community beauty and growth. *[The proposed Merger will allow the opportunity for public advertising on the signs]*

2. Preserve and enhance natural areas, which act in providing for clean air, water, and an unspoiled environment.

3. Acquire and maintain open space sufficient to provide for parks and recreation system.

4. Prevent the unnecessary or premature conversion of open space lands to urban uses that would be considered potentially hazardous for customary urban development.

*Commercial Rehabilitation:*

1. Stimulate commercial and industrial development and the creation of employment opportunities. *[It is the objective that the signage will increase the desirability of the area to conduct business, thereby contributing to the attainment of this goal]*

2. Encourage economic pursuits to strengthen and promote development through stability and balance. *[The proposed Merger will meet this goal by attracting more business to the Project Areas]*

3. Replan, redesign, rehabilitate and redevelop areas that are stagnant or improperly utilized. *[The placement of signs will draw attention to areas that are no longer visible resulting from changes in development patterns particularly the development and increasing dependency on Interstate 680 and 880, and Highway 237]*

4. Provide opportunities for participation by owners in the revitalization of their properties. *[Private businesses located in the Project Areas will initially fund sign construction with the intent of establishing a signage district in which owners*

*utilizing the signs would pay a portion of the cost of sign maintenance. Through this partnership, existing businesses will contribute to their revitalization]*

5. Publicize the position of Milpitas as a place to carry on compatible industrial and reliable commercial activity, with special emphasis directed toward the advantages of the City's location to both industrial and commercial use. *[The proposed Merger and resulting sign construction will directly contribute toward attaining this goal through advertising businesses and services in the proposed Merged Project Area]*

*Affordable Housing:*

1. Provide a variety of residential types to serve the varying needs of individuals and families while retaining existing structural standards. *[By increasing the desirability of the area, it is intended that a greater variety of uses will be attracted to the downtown core which in turn will increase the desirability of the area as a housing location including affordable housing]*

In addition to the goals and objectives listed above, additional goals and objectives were created and are related to the approximately 691 acres that was added to the Original Project Area as part of the eighth amendment. These additional goals and objectives are derived from the goals outlined in the Milpitas Midtown Specific Plan, which has a similar boundary to the 691-acre added area and are as follows:

<u>Goals and Objectives</u>*:*

*Land Use:*

1. Encourage a compatible mixture of residential, retail, office, service-oriented commercial, public facilities and industrial uses.

2. Provide for a significant component of new housing within the area in order to: improve the vitality of the area, address local and regional housing needs, and reinforce the use of transit. *[As described above, the signs will indirectly contribute to this goal by attracting business and people to the core of the City which will improve the vitality of the area]*

3. Promote an intensity of development in the area that is appropriate to its central location.

4. Provide for a land use mix that supports major transit facilities.

5. Provide for the mitigation and the productive reuse of Brownfields.

*Community Design:*

1. Create an attractive district that is uniquely “Milpitas.” *[This goal will be furthered by the addition of way finding signs]*

2. Establish a pedestrian-oriented, mixed-use district that is focused along Main Street.

3. Provide urban open spaces (i.e., plazas, squares) that serve multiple purposes and can be used for special events.

4. Improve the character of streets and public views.

*Circulation:*

1. Improve the viability of the pedestrian, bicycle and transit systems. *[This goal will be furthered by the signs directing traffic from all transportation modes]*

2. Balance the need for traffic with livability and a pedestrian focus.

3. The development of mass transportation facilities.

*Implementation:*

1. Identify “catalyst” development sites.

2. Identify financial resources to create a plan that is economically self-sufficient.

3. Establish the regulatory mechanisms necessary to implement the Milpitas Midtown Specific Plan.

**Great Mall Redevelopment Project**

1. The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including among others, faulty exterior spacing, obsolete and aged building types, building vacancies, uneconomic land uses and inadequate or deteriorated public improvements, facilities and utilities.

2. The replanning, redesign, rehabilitation and development of areas which are stagnant or improperly utilized.

3. The provision of opportunities for participation by owners in the revitalization of their properties. *[This goal will be furthered by the participation of the Great Mall owner and other businesses in the utilization and maintenance of the signs]*

4. The strengthening of retail and other commercial functions in the Project Area.

5. The strengthening of the economic base of the Project Area and the community by the installation of needed off-site improvements to stimulate new commercial expansion, employment and economic growth. *[This goal will be achieved by the rebuilding of existing signs to be more visible, have increased message capacity and be of higher quality]*

6. The provision of adequate land for parking and open spaces.

7. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other redesign elements that provide unity and integrity to the entire Project Area.

## D. AGENCY ACCOMPLISHMENTS

Redevelopment in Milpitas began with the adoption of the Milpitas Redevelopment Project Area No. 1 in 1976. Over the years, the Agency has worked to reduce blight in Project No. 1 and the Great Mall Project by undertaking various redevelopment activities. The following is a list of projects completed by the Agency:

<u>Milpitas Redevelopment Project Area No. 1</u>:

- Street Improvement Projects – The Agency has spent approximately $6.2 million in reconstruction of streets and medians within the proposed Merged Project Area for improved safety, provided analysis of lighting deficiencies, and constructed trail and sidewalk safety upgrades.

- Interstate 880/Sate Route 237 interchange - $15 million Agency contribution.

- Interstate 880/Dixon Landing Interchange - $10 million Agency contribution.

- Montague Expressway Improvement Project - $8 million Agency contribution.

- Interstate 880/Tasman Drive Interchange - $2 million Agency contribution.

- Great Mall Parkway - $13 million Agency contribution.

- Storm Drain Improvements – The Agency funded approximately $1.0 million in storm drain system improvements and for the Storm drain Master Plan, the Midtown Specific Plan and the public safety technology.

- Sewer and Water Projects – The Agency funded $8.6 million for the San Jose Parallel Forcemain, Pump Station site improvements and water well upgrades.

- Midtown Improvements – The Agency expended $1.6 million on street reconstruction, parking garage planning, and other pre-development activities associated with the implementation of the Midtown Specific Plan.

- Civic Center Improvements – The Agency funded approximately $43.2 million for construction of the new Civic Center, garage and site improvements.

- Milpitas Sports Center Upgrades and Site Renovations – Agency funded approximately $7.1 million for this project.

- Senior Center Improvements – Approximately $1.5 million was funded by the Agency.

- City Gateway Identification Sign – Construction of the entry sign at Tasman Drive; the Agency funded approximately $0.6 million for this project.

- Telecommunications and Technology Improvements – The Agency funded $4.3 million for the creation of a fiber optic ring for public facilities and safety.

- Milpitas Library – The Agency expended approximately $1.6 million on the design of the new library and utility relocation.

- Parks Projects – Agency expended $0.3 million on parks projects, most notably the Athletic Court reconstruction, path and picnic upgrades.

- Berryessa and Coyote Creeks Trail Improvements – Agency funded approximately $0.41 million for trail improvements.

- Other Miscellaneous Community Projects – Agency funded approximately $3.2 million in various community projects.

- Residential development – Construction of the above-mentioned infrastructure projects, helped to make possible the development of approximately 3,500 housing units inside and outside of the Merged Project Area, of which, over 500 units have been affordable. This includes assistance to the private sector in developing low and moderate income housing as documented in the Agency's Five-Year Implementation Plan.

- Commercial Development – Redevelopment efforts also facilitated the development of over 4.7 million square feet of industrial space and over one million square feet of commercial space.

Great Mall Redevelopment Project:

- Assist in the rehabilitation and renovation of the existing improvements at the Great Mall site to develop a retail mall containing 1,200,000 square feet.

- Assistance in the development of the retail pad parcels adjacent to the Great Mall shopping center.

- Assistance in public infrastructure improvements including widening of adjacent roadways, installation of traffic signals, undergrounding of utility lines, installation of water and sewer lines; and construction of bus stops.

## II. REASONS FOR AMENDING THE REDEVELOPMENT PLANS

### A. BACKGROUND AND PURPOSE

The Agency is proposing to amend the Redevelopment Plans to merge the existing Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project. Section 33485 *et seq.* of the CRL allows for merger of redevelopment project areas as a matter of public policy if they will result in substantial benefit to the public, and if they contribute to the revitalization of the Project Areas through the increased economic vitality of such areas and through increased and improved housing opportunities in or near such areas. The CRL also provides that redevelopment project areas, under the jurisdiction of a redevelopment agency, may be merged without regard to contiguity of the areas, by the amendment of each affected redevelopment plan. Furthermore, taxes attributable to each project area merged that are allocated to the redevelopment agency may be allocated to the entire merged project area for the purpose of paying the principal of, and interest on, indebtedness incurred by the redevelopment agency to finance or refinance, in whole or in part, the merged redevelopment project. It should be noted that the Agency does not receive any tax increment funds from the Great Mall Project and the proposed Merger and Amendments do not provide for the Agency to do so. The primary purpose of the proposed Merger is to merge the Project Areas in order to facilitate and increase the economic viability of the Great Mall Shopping Center and other businesses in the area by, among other things, enabling construction of signs along freeway corridors in order to increase visibility of the Project Areas' businesses. It is proposed that at least two of the signs would be electronic "reader board" signs, while the others would be monument signs erected on freestanding pylons. Other way finding signs are also proposed which can include advertisement for public events. The general location of the signs is shown on Figure 2.

The California Outdoor Advertising Act ("Act") applies to the placement of advertising displays within 660 feet from the edge of the right-of-way when the advertising copy is visible from interstate highways or primary highways (Cal. Bus. & Prof. Code §5271). Under the Act, signs advertising businesses and activities developed within the boundary limits of a redevelopment project area may, with the consent of the redevelopment agency, be located anywhere within the limits of the project area when all of the land in the project area: (1) is contiguous, (2) is separated only by a public highway, or (3) includes land on which public facilities are developed. The signs may be in place for a period not to exceed 10 years or the termination of the redevelopment project, whichever occurs first, unless an arrangement has been made for extension of the period between the redevelopment agency and CalTrans for good cause (Cal, Bus. & Prof. Code 5273).

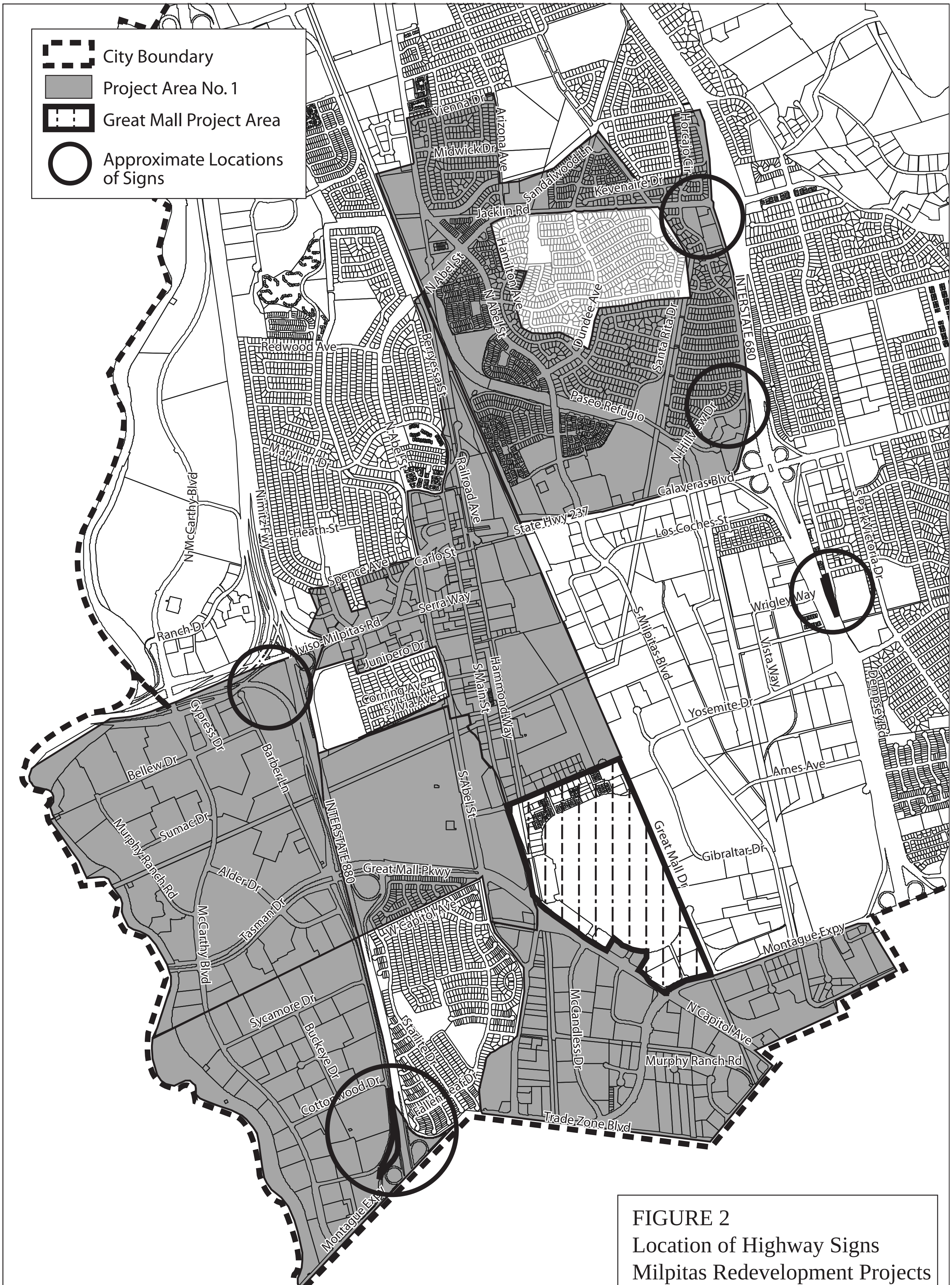


FIGURE 2
Location of Highway Signs
Milpitas Redevelopment Projects

Prepared by: Keyser Marston Associates, Inc.
Filename: Hwy Signs.ai; 09/18/06; cb

By merging projects all territory within Project No. 1 and the Great Mall Project will be contiguous and therefore qualify under part (1) of the Act. The exception would be one area added to the Great Mall Project in 2001, which will be non-contiguous but qualify under part (2) of the Act because it will only be separated from the rest of the proposed Merged Project Area by Interstate 680 (separated only by a public highway). With the proposed Merger, businesses throughout the proposed Merged Project Area will be able to advertise on signs located along the freeway and highway corridors within the Project Areas. Without the proposed Merger, such advertising would be limited or prohibited by the Act.

Repayment or partial repayment of the cost for sign construction will be accomplished by the establishment of a Signage Improvement District. Funding for the District may come from retail sales tax, tax increment revenues, and/or funding from private businesses. Although the proposed Merger is necessary to facilitate the construction of the signs, the additional visibility and increased patronage will increase the economic viability of businesses throughout Project No. 1 and the Great Mall Project. By increasing the viability of the core of the City, the desirability of the area will be enhanced which will further increase the viability to develop housing including affordable housing within the Project No. 1. The combination of which will be a substantial benefit to the public. As of fiscal year 2005-06, the Agency has exceeded its inclusionary requirement for providing affordable housing in or outside the Project Areas by nearly 32 percent.

## B. NEED FOR INCREASED ECONOMIC VIABILITY

### 1. Great Mall

As previously stated, the adoption of the proposed Merger will provide a substantial benefit to the area through the increased economic vitality resulting from sign construction and improved retail visibility. The Great Mall is a 1.2 million square foot shopping mall that is Northern California's largest value-oriented retail and entertainment property, featuring a total of 11 anchors and over 200 stores consisting of manufacturer outlets, off-price and discount retailers, and specialty stores; however one of the former anchor tenants, Media Play, which sold books, CDs and videos, is no longer in business and recently vacated the former showroom at the Great Mall. The Great Mall is equally divided between major tenants (642,573 square feet) and specialty tenants and the food court (642,012 square feet). The Great Mall has been underperforming in terms of taxable retail sales relative to comparable shopping centers within the region. Furthermore, lease rates at the Great Mall are lower than competing regional malls.

There are six super-regional shopping malls that are of similar size to the Great Mall and within 15 miles of the Great Mall located in the cities of San Jose, Santa Clara, Cupertino, Palo Alto and Newark.[1] Telephone calls to leasing agents at the six malls were placed in order to obtain the average lease rate and vacancy rates for each shopping mall. Three of the six shopping malls (Westfield Valley Fair Mall, Westfield Oakridge Mall, and the Stanford Shopping Center Mall) responded with the information requested, which provides a meaningful sample from which to compare. The Westfield Valley Fair Mall in Santa Clara and the Westfield Oakridge Mall in San Jose have a vacancy rate of two percent while the Stanford Shopping Center Mall in Palo Alto has a vacancy rate of zero percent as it is completely leased up. At the Great Mall, the former space occupied by Media Play, represents 35,000 square feet of vacant space, which combined with other vacancies, exceeds the zero to two percent vacancy rates at the comparison malls.

Based upon information provided by Reis, Inc., the lease rates of these three shopping malls were analyzed. The average lease rate at the Great Mall is $2.08 per square foot. In comparison, the Stanford Shopping Center Mall has an average lease rate of $8.75 per square foot, while the Westfield Valley Fair Mall is $6.66 per square foot, and the Westfield Oakridge Mall is $2.92 per square foot.

In addition to low lease rates, taxable retail sales at the Great Mall have remained stagnant for the past five years. From 2001-2005, the taxable retail sales revenues to the City have increased from $2,681,774 in 2001 to $2,909,877 in 2005 for an overall increase of eight percent or an average of two percent annually, which is lower than or at inflation. The owners of the Great Mall have been trying to reposition the center by attracting higher end uses such as Neiman Marcus Outlet store. The construction of the highway electronic signs will increase visibility and patronage making the center more attractive to higher end national retailers.

2. Other Commercial

As mentioned, the proposed signage will benefit other businesses in the Merged Project Area which are less competitive than other retailers outside of the Merged Project Area. This is illustrated by comparing retail sales and lease rates at four (4) community and neighborhood centers within the Merged Project Area with a competing center located outside the Merged Project Area, but within the City. These four centers, (Calaveras Plaza, Serra Center, Abel Square, and Milpitas Square) either have significantly low lease rates and/or retail sales per square foot when compared to the more contemporary McCarthy Ranch shopping center located within the City but outside of the Merged Project Area. Calaveras Plaza, located at the intersection of Calaveras Boulevard and Serra Way, is approximately 72,721 square feet and contains a Save Mart Supermarket. The Serra Center, located at 200 Serra Way, is 102,064 square feet and contains a Big Lots and Walgreens. The Milpitas Square is located at 190 Barber Lane and contains a 99 Ranch Market among other retail, restaurant and automotive

[1] Information provided by Reis, Inc. Reis, Inc. is a commercial real estate performance information provider, and has for the past 25 years provided analysis at the Metro (City) and sub-market (neighborhood) and property level.

tenants and totals approximately 162,000 square feet. Finally, Abel Square located at 200 Calaveras Boulevard contains approximately 28,000 square feet. McCarthy Ranch is a contemporary shopping center containing approximately 267,000 square feet located at Highway 237 and Interstate 880. This shopping center has easy access, good location, and visible signage to attract patrons. Based upon information provided by the City for the year 2005, a comparison of average taxable sales per square foot for three of the four shopping centers in Project No. 1 (information is not available for Abel Square) with McCarthy Square can be made. It should be noted that not all retail goods are taxable. For example, approximately 70 percent of all goods sold at a grocery store are not taxable, and therefore these sales would not be reflected within the taxable retail sales data provided by the City as discussed above. Since the three shopping centers within Project No. 1 for which retail sales information is available contain a grocery store, a conservative estimate of 75 percent of the retail goods sold at these shopping centers can be assumed non-taxable.[2] Based upon the information provided by the City, the average taxable sales per square foot per year for McCarthy Ranch Shopping Center was $6,562 compared to an adjusted value of $4,467 for Milpitas Square (32 percent lower), $4,389 for Serra Center (33 percent lower), and $3,654 for Calaveras Plaza (44 percent lower). Furthermore, lease rates at two of the four shopping centers are lower than the average lease rate at McCarthy Ranch shopping Center. The average lease rate at McCarthy Ranch is $2.60 per square foot per month compared to $1.42 per square foot for Abel Square (45 percent lower) and $1.94 per square foot at the Serra Center (25 percent lower).

The City of Milpitas has had a decrease in retail sales revenue over the past five years (2001-2005). In 2001, taxable retail sales in the City generated $13,503,201, while in 2005 only $12,681,118 in taxable retail sales revenue to the City was generated. This is a decrease of approximately six percent. Furthermore, the City of Milpitas has a lower retail sales rate per capita than most of its neighboring cities that contain a super-regional shopping center including San Jose, Santa Clara, Cupertino, Palo Alto, and Newark.[3] Only San Jose has a significantly lower retail sales per capita rate (35 percent lower) than Milpitas which is likely skewed by San Jose's substantially larger population. Cupertino retail sales per capita rate is slightly lower than Milpitas (four percent lower). Of the remaining three cities, Santa Clara has a retail sales per capita rate that is 55 percent higher than Milpitas, followed by Palo Alto at 45 percent higher, and Newark which has a retail sales per capita rate that is 37 percent higher than Milpitas.

[2] Based upon information from the State Board of Equalization, general merchandise retail goods are approximately 90-95 percent taxable, drug stores merchandise is 60 percent taxable and food store merchandise is 30 percent taxable. The average retail sale per square foot for the Calaveras Plaza, Serra Center, Abel Square and Milpitas Square Shopping Centers was provided by the City Finance Department. The average retail sales per square foot for each shopping center was then divided by 25 percent (0.25) in order to achieve an adjusted retail sales figure based upon 75 percent of the retail sales being non-taxable.

[3] The State Board of Equalization provided taxable retail sales information and the Department of Finance provided population for the communities and the City of Milpitas. Taxable retail sales per capita was determined by dividing the total taxable retail sales for the community by the population of that community.

In summary, the proposed Merger will have a substantial benefit to the public by allowing the Agency to efficiently implement its redevelopment program, which is targeted at revitalizing blighted areas and increasing the economic vitality of such areas.  Specifically, the installation of signs will increase business visibility, and by bringing patrons to the downtown area will thereby increase retail sales.  For the Great Mall, it is hoped that the signage will help attract new higher end retail tenants thereby reducing vacancies, increasing retail sales, and increase lease rates. In addition, the Agency will continue to implement its affordable housing program with approximately 7,500 units planned for the Project Area No. 1, of which, approximately 1,100 will be made affordable to low and moderate income families and persons.  The proposed Merger will not allow the Agency to collect any additional tax increment beyond the limits identified in the Redevelopment Plans.  No increase in any financial limit or extension of any time limit is proposed as part of the Amendments.

## III. PROPOSED PROJECTS AND PROGRAMS

The existing projects and programs previously identified by the Agency will continue to be implemented with the addition of signage to the Economic Stimulation Program to further increase the economic viability of commercial businesses in the proposed Merged Project Area. How and which programs are implemented depends on the needs and objectives of the Project Area. The redevelopment program needs to be flexible and provide the capability to respond to changes and private sector interest. The strategy to attain the goals and objectives is to use public investment to attract and stimulate private investment. Due to the fact that the Great Mall is a non-tax increment project and is nearing completion, very little redevelopment activity is anticipated with the exception of the sign reconstruction. However, with the proposed Merger, the opportunity exists to spend money from Project No. 1 to fund improvements within the Great Mall Project. If an opportunity arose in the remaining years at the Great Mall Project, the Agency could consider assisting in funding those improvements. Therefore, the projects discussed below may have application to the Great Mall Project and therefore projects are referred to as being implemented in the Merged Project Area.

Based upon the Agency's Five-Year Implementation Plan (July 2005 – June 2010), the proposed redevelopment program for the Merged Project Area includes four (4) programs, as follows: 1) Economic Stimulation; 2) Community Facilities Improvements; 3) Transportation and Public Infrastructure Improvements; and 4) Housing. Within Section IV of this Report (financial feasibility analysis), the above listed programs (except for Housing) are identified within the cash flow analysis as discretionary funds since exact future allocation of Agency revenues for each of the redevelopment programs beyond the current Five-Year Implementation Plan period cannot be determined. The Agency will allocate the necessary funds for each program as needed over the remaining life of the Redevelopment Plans to address each Project Area's conditions, which will include responding to private sector interests.

The programs are designed to address the most significant blighting conditions in the proposed Merged Project Area. It is believed that as the most significant blighting conditions are reduced that further private sector investment will occur in the proposed Merged Project Area leading to further removal of blight. Therefore, the Agency's program of redevelopment will serve as a catalyst to remove blighting conditions and spur the preservation, improvement, creation and maintenance of affordable housing.

## A. REDEVELOPMENT PROGRAMS

### 1. Transportation and Public Infrastructure Improvements

Infrastructure improvements include projects that will assist with the future development of the Merged Project Area including, but not limited to, the following: 1) transportation and circulation improvements which may entail street widening, construction of street medians, land configuration, street maintenance, and improved traffic signalization; 2) sewer improvements to alleviate infrastructure inadequacies and meet flow requirements; 3) storm drain improvements including capacity for existing and new development to ensure proper drainage and on-going street maintenance of Merged Project Area streets; and 4) public infrastructure improvements including sidewalks, curbs and gutters, streetscape improvements, public transit improvements, create pedestrian links and develop enhanced parkways and sidewalks, and provide access to the disabled. The following are near-term specific transportation and public infrastructure projects that are proposed for the upcoming five years:

- Public Works Yard Improvements and Facility – expand the parking facility, updates the security system, makes improvements that brings the facility into compliance with the Storm Water Pollution Prevention Program. Estimated funding is $450,000.

- BART Extension – planning and coordination for the BART extension that will serve residents and businesses within the proposed Merged Project Area. Estimated funding is $255,000.

- Light Rail Median Landscaping – completes the landscape of the median that was originally part of the Light Rail construction. Estimated funding is $1,416,000.

- North Milpitas Boulevard Soundwall – renovates the soundwall between Jacklin Road and Escuela Parkway. Estimated funding is $150,000.

- In-ground Water Clarifiers – provides compliance at the Fire Stations with the urban runoff program. Estimated funding is $150,000.

- Oakcreek Pump Station – provides for the necessary replacement of aged equipment at the Oakcreek Station per the Storm Drain Master Plan. Estimated funding is $800,000.

- Singley Area Phase 4 – completes the reconstruction of street surface improvements in the Singley Area Study. Estimated funding is $558,014.

- KB Home Infrastructure – part of the Agency's commitment towards construction of infrastructure for the KB Home project.

- Calaveras Boulevard Overcrossing – this project provides for sidewalk safety. Estimated funding is $200,000.

- Milpitas Communication Enhancements – this project will deploy communication cables and equipment to Abel Street and Curtis Avenue and will support future development needs. Estimated funding is $170,000.

- North Main Streetscape – this provides for the reconstruction of North Main Street consistent with the Midtown Specific Plan. Estimated funding is $4,350,000.

Over the remaining life of the Redevelopment Plans, it is estimated that the Agency will spend approximately $120,041,000 on projects related to transportation and public infrastructure improvements.

2. Community Facilities Improvements

Community-based projects focus on the need for new or improved community facilities such as parks, community centers, libraries, monument signs, open space and cultural facilities. Such facilities can be provided in conjunction with public schools to enrich the educational experience. Projects are anticipated for development, using Agency and/or other funds from the City, State and Federal governments. These projects are intended to encourage further investment in the neighborhoods and make them more desirable places to visit and live. By increasing investment in neighborhoods, there will be an added benefit of assisting the rehabilitation of deteriorated buildings and alleviate the existence of substandard structures.

There are a number of public benefit projects that are proposed to be constructed in the proposed Merged Project Area. The following are near-term specific transportation and public infrastructure projects that are proposed for the upcoming five years:

- Milpitas Sports Center (MSC) Facility Improvements – provides matching funds for facility upgrades to comply with FEMA requirements and reconfigures the parking lot and site for better traffic flow. Estimated funding is $1,250,000.

- Senior Center Relocation – provides for the rehabilitation of the existing Library site to accommodate the new Senior Center. Estimated Funding is $8,700,000.

- Community Center Improvements – improvements that bring the facility into compliance with current code requirements. Estimated funding is $500,000.

- Milpitas Library – reuses the historic Milpitas Grammar School to accommodate a new 60,000 square foot public library. This project is critical to the revitalization of the Midtown historic commercial core. Estimated funding is $33,700,000.

Over the remaining life of the Redevelopment Plans, it is estimated that the Agency will spend approximately $247,362,000 on projects related to community facility improvements.

3. Economic Stimulation

The Agency will encourage expansion and new commercial, industrial and residential development in the proposed Merged Project Area through the Economic Stimulation Program. Under this program, the Agency may assist with land acquisition, site preparation, offsite improvements, disposition of property and relocation assistance to existing property owners and tenants. The Agency may also provide low interest rate and deferred payment loans under this program in order to encourage the upgrade to existing building façades, including the Great Mall Shopping Center. The Agency also intends to assist in creating additional parking in the proposed Merged Project Area and the removal of toxic waste from sites in the area. The Agency in order to enhance the visibility of businesses within the City, including the Great Mall and surrounding commercial businesses, will assist in the construction of digital message board signs along the freeway and way finding signs, which will facilitate and increase the economic vitality of these businesses. As discussed before, this assistance includes coordination between the owners and the City on sign design and approval. At this time, no financial assistance is anticipated. Over the remaining life of the Redevelopment Plans, it is estimated that the Agency will spend approximately $94,023,000 on projects and programs related to economic stimulation and development.

4. Housing Program

As required by State law, 20 percent of the gross tax increment funds received by the Agency must be deposited into a fund that would be used to assist in the production and preservation of low and moderate income housing. The Agency may assist in a variety of programs to develop affordable housing both inside the proposed Merged Project Area and Citywide such as the following:

a. Production

The Agency can make loans and grants from the Low and Moderate Income Housing Fund to non-profit and for-profit developers for the new construction or rehabilitation of affordable housing. Loans can be made on a deferred payment and/or below market interest rate basis.

The Agency can also participate in land acquisition, land cost write-down, developer recruitment, credit enhancement, and other participation to cause affordable housing to be developed. This is normally accomplished after identification of a housing site, development of a housing concept, and issuance of a Request for Proposals for development of housing. Such affordable housing could be rental or ownership housing. The Agency may also acquire land and directly build housing. In the near-term, the Agency is anticipated to focus its affordable housing efforts on production, specifically, private sector assisted development.

b. Preservation

The Agency may offer low-interest or no-interest loans or grants to assist low and moderate income homeowners in making repairs to existing residences. Such repairs could consist of correcting health and safety violations, re-landscaping, and re-painting. This preserves the affordability of the housing and extends its lifespan, as well as improving the neighborhood. Additionally, such programs can be extended to owners of rental properties to make repairs to affordable rental housing. In either case, covenants must be recorded to keep these properties affordable for the time period required by CRL. Some of the objectives of the preservation program include:

- Conserve and improve existing housing and residential neighborhoods. Provide loan and/or grant assistance to eligible households demonstrating inability to maintain the physical condition of their primary residences.

- Preserve the existing affordable housing stock. Work with existing providers of affordable housing to extend the terms of expiring affordable housing contracts.

- Require that all affordable multi-family and homeowner housing subsidized by RDA funding contains provisions that assure long-term affordability in compliance with Community Redevelopment law.

c. Affordability Assistance

These programs can involve direct subsidies to lower the cost of producing housing or first-time homebuyer programs to assist very-low to moderate income families with mortgage assistance for the purchase of a home. The latter can take the form of a deferred loan with a low interest rate and equity sharing provisions. When the home is sold, the loan and equity share would be used to help another first-time homebuyer. Senior households in the low to moderate income category may also be targeted in such programs.

The above programs will make home ownership housing available to more low and moderate income residents in the proposed Merged Project Area and Citywide. By making more ownership housing available, the tax base for the proposed Merged Project Area and Citywide will increase and in turn provide funding for additional housing and non-housing programs, and market support for community retail, and commercial uses will increase. Providing incentives for landlords and homeowners to rehabilitate their properties, will increase the value of the surrounding properties and provide an incentive for those not qualified for rehabilitation assistance to also improve their properties.

Over the remaining life of the Redevelopment Plans, it is estimated that the Agency will spend approximately $337,588,000 on projects and programs related to affordable housing.

## IV. PROPOSED METHOD OF FINANCING, ECONOMIC FEASIBILITY, AND REASONS FOR INCLUDING DIVISION OF TAXES PURSUANT TO SECTION 33670

CRL Section 33352.5 (e) provides that the Report to the City Council contain a proposed method of financing the Redevelopment Plans and an assessment of economic feasibility. The following analysis considers the method of finance and economic feasibility of the proposed Merged Project Area to be formed from the merger of Project No. 1 and the Great Mall Project. It should be emphasized that merging projects does not change the tax increment status of the Great Mall Project. The Agency does not receive tax increment from the Great Mall Project and will not collect tax increment as a result of the proposed Merger. However, there is the potential to spend funds from Project No. 1 in the Great Mall Project. Currently, no specific projects have been identified at this time for the Great Mall Project. Economic feasibility, for purposes of this analysis, is defined to be a comparative analysis of anticipated costs for implementation of the Redevelopment Plans for the Merged Project Area, and the resulting revenues expected to be generated. Economic feasibility is determined through a feasibility cash flow analysis for the Projects as summarized on Table 3 at the end of this section.

### A. ESTIMATED TOTAL PROJECT COSTS

A determination of economic feasibility requires an identification of the future resources to finance future costs associated with redevelopment of the Projects and the elimination of remaining blighting conditions. Although sign construction is anticipated to be funded by the private sector as well as maintenance and operations (through a signage improvement district), other redevelopment efforts are anticipated to require significant participation from the Agency. This includes activities to promote and achieve the desired goals and objectives of the Redevelopment Plans and to address blighting conditions.

The redevelopment program described in this section outlines a set of activities to be implemented by the Agency for the purpose of facilitating private reinvestment in the Projects and eliminating physical and economic blighting influences, and increasing, improving and preserving the community's supply of low and moderate income housing. The estimated costs of potential future redevelopment programs over the term of the cash flow projection are as follows:

*Total Project Costs*

| | |
|---|---|
| Bond Debt Service | $483,300,000 |
| Existing Obligations - Land Purchases | $200,000,000 |
| Operating Expenses | $101,000,000 |
| Subtotal Non-Discretionary | $784,300,000 |
| | |
| Housing Programs (20% set-aside) | $325,600,000 |
| Transportation and Public Infrastructure | $113,600,000 |
| Economic Stimulation | $87,600,000 |
| Community Facilities | $234,400,000 |
| Subtotal Projects & Programs | $761,200,000 |
| Total Project Costs | $1,545,500,000 |

1. Bond Debt Service

The Agency issued tax allocation bonds in 2003 in a principal amount of $200 million. Annual debt service on the outstanding bonds will be $12.7 million in 2006-07 and is payable primarily from tax increment revenues net of housing set-aside (97 percent) with approximately three percent payable from the housing fund.

The feasibility cash flow assumes that the Agency will issue additional tax allocation bonds in each year in which tax increment revenues are projected to be sufficient to support at least $20 million in net bond proceeds. Based on this assumption, issuance of tax allocation bonds has been projected for 2010-11, 2011-12 and 2013-14. The combined net bond proceeds projected to be issued by the Agency over life of the Redevelopment Plans shown on Table 3 totals $93 million. The aggregate principal and interest payments over the life of the Projects for these new bond issuances are projected to total $163 million. Including debt service on the 2003 bonds, bond debt service costs total $483 million. Projected future bond debt service assumes a tax-exempt interest rate of six percent, a coverage ratio equal to the greater of one hundred twenty-five percent (125 percent) and total subordinate debt and operating expenses, net proceeds factor of twelve percent (12 percent), and a repayment term equal to the lesser of 30-years and the number of years remaining for receipt of tax increment for the original project area (after which tax increment receipts decline).

2. Existing Obligations – Land Purchases from the City and County

The Agency has an on-going payment obligation to Santa Clara County in respect to the purchase of property from the County in 2003. The Agency is required to make annual payments to the County which continue through 2037-38 and are projected to total $158 million. Payment amounts from 2023-24 through 2037-38 are dependent on the amount of sales tax generated within a designated area and are capped at $5 million per year. Payments in these years have been projected based on the $5 million maximum.

In 2004, the Agency purchased property from the City of Milpitas for a total of $29.3 million. Approximately $6.1 million of the purchase price was paid initially. The balance of the purchase price ($23.2 million) is to be paid over time and carries an interest rate of 10 percent per year. No payment schedule is specified; however, the debt is assumed to be repaid over eight years in installments of $5.75 million in accordance with the Agency's Implementation Plan, except for 2009-10 with a reduced payment amount of $2.7 million and 2013-14 with a payoff amount of $4.8 million. Payments are projected to total $42 million. The payment in 2009-10 is assumed to be reduced to make funds available for projects anticipated in the Agency's Implementation Plan. Without such a reduction, there is an estimated shortfall of approximately $3 million in 2009-10 to fully fund Implementation Plan projects. Other options available to the Agency to address the estimated funding gap may include issuance of additional bonds, a General Fund loan, or delay by one year of a $3 million portion of the Implementation Plan projects.

### 3. Operating Costs

The Agency will incur various operating costs associated with implementing the proposed Merged Project Area. These will include staff time; special legal and technical assistance; and preparing planning and other studies. The projected cost to administer the redevelopment program is estimated to be $2.4 million (nine percent of the tax increment) in 2006/07 per projections prepared for the Agency's Implementation Plan, or approximately 11 percent of net non-housing tax increment. Expenses in future years are estimated based on a three percent annual growth rate. Annual operating costs are assumed to be minimal after the Midtown Area plan effectiveness limit in 2033-34. Total projected cost to administer the redevelopment program over the life of the Redevelopment Plans is estimated to be $101 million.

### 4. Future Projects and Programs

To the extent future tax increment revenues continue to be allocated to the Agency and exceed debt service, land purchase obligations, and operating costs, the financial feasibility analysis assumes that the Agency will exercise its discretion in funding other future projects, programs or activities of benefit to the Projects. Funding for discretionary non-housing programs over the anticipated life of the Projects is projected to total $436 million including $114 million for transportation and public infrastructure, $88 million for economic stimulation and $234 million for community facilities, as estimated on the attached feasibility cash flow (Table 3). The cumulative contribution to the Agency's Housing Fund is projected to be $326 million through the 2049 tax increment receipt limit for the Midtown area. Discretionary non-housing expenditures for 2006/07 through 2009/10 are based on the Agency's Implementation Plan. Expenditures for 2010/11 and beyond are based on a percentage allocation among the three major non-housing expenditure categories. The anticipated projects, programs or activities that the Agency may undertake as future resources become available are presented Section IV.

## B. FINANCING METHODS AVAILABLE TO THE AGENCY

The Agency has the legal authority and flexibility to implement the revitalization of the Projects utilizing any or all of the following sources: (1) city; (2) state; (3) federal government; (4) tax increment funds in accordance with provisions of the existing CRL (derived only from Project No. 1); (5) new tax allocation bonds (financed with tax increment from Project No. 1); (6) interest income; (7) loans from private financial institutions; (8) lease or sale of Agency-owned property; (9) donations; (10) developer payments; and (11) any other legally available public or private sources.

Current provisions of the CRL provide authority to the Agency to create indebtedness, issue bonds, borrow funds or obtain advances in implementing and carrying out the specific intents of a redevelopment plan. The Agency is authorized to fund the principal and interest on the indebtedness, bond issues, borrowed funds or advances from tax increment revenue and any other funds available to the Agency. To the extent that it is able to do so, the City may also supply additional assistance through City loans or grants or cooperation agreements for various public facilities or other project costs.

Table 3 feasibility cash flow reflects net tax increment revenues of approximately $1.352 billion over the next 43 years. From this projected amount, $326 million would be deposited into the Agency's Low and Moderate Income Housing Fund, resulting in a cumulative net tax increment revenue amount of $1.027 billion. Although other funds may be available to the Agency, the Table 3 feasibility cash flow only reflects tax increment revenues and the expenditure line items that are funded from tax increment.

Potential revenue sources to fund project costs, as assumed in this economic feasibility cash flow, include, but are not limited to, the following: (1) tax increment revenues; (2) proceeds from tax allocation bonds; (3) interest earnings on general and bond reserve funds; and (4) an initial fund balance. The estimated resources available to finance the proposed redevelopment programs are summarized as follows:

*Total Aggregate Resources*

| | |
|---|---:|
| Net Tax Increment & Housing Set Aside | $1,352,230,000 |
| Net Bond Proceeds | $92,880,000 |
| Interest Earnings | $18,770,000 |
| Initial Fund Balance | $81,540,000 |
| Total Aggregate Resources | $1,545,420,000 |

1. Net Tax Increment Revenues and Housing Set Aside

The projection of the incremental taxable values and resulting tax increment revenues for the Merged Project Area over the term of the Plan is summarized in Table 6 at the end of this section with detail for each sub-area of the proposed Merged Project Area provided in Tables 5 to 8. The Great Mall project does not generate tax increment and is therefore not shown in the revenue projection. The gross total tax increment revenues for the Merged Project Area through the 2048-49 tax increment receipt limit for the Midtown Area is projected to amount to $1.628 billion, of which $326 million would be required for deposit into the Housing Fund; and $256 million would be required with respect to the Agency's pass through obligations. The net tax increment revenues available to the Agency over the remaining life of the Redevelopment Plan for Milpitas Redevelopment Project Area No. 1, totals $1.027 billion. The combined net tax increment and housing set aside funds total $1.35 billion.

Health and Safety Code Section 33333.6 permits the Agency to receive tax increment revenue for up to an additional 10 years after Plan termination for pre-AB1290 plans and an additional 15 years for post-AB1290 plans. Amounts after the plan termination limit are available to be allocated only to the extent that the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years. The Agency would also be required to meet its Housing Fund and pass through obligations. The projection assumes collection of 100 percent of tax increment revenue available to be allocated to the Agency after the plan effective limit is reached in respect to each of the sub-areas.

The projection of net tax increment and housing set aside is based on the following assumptions:

*a)* *Growth in Assessed Valuation and New Development* - Tax increment revenues are based upon increases in the annual incremental assessed valuation of the proposed Merged Project Area that result from future transfers of property ownership or new construction activities and the two percent (2 percent) real property annual inflationary increase allowable under Article XIIIA of the California Constitution. The proposed Merged Project Area's taxable value has increased over the past five years at an average annual rate of approximately one percent (1 percent). The rate of increase has been less than the two percent allowable under Article XIIIA of the California Constitution due to proposition eight reductions in assessed value in respect to research and development and other high tech properties and reductions in unsecured values with the loss or downsizing of several large tenants. For purposes of this analysis, future annual growth in tax increment is estimated to increase at a two percent (2 percent) annual rate in 2006/07 and thereafter; in addition, the estimated assessed value of anticipated new development summarized on Table 9 is included in the estimates of taxable value.

b) *Housing Set Aside* - The Agency is annually required to deposit 20 percent of gross tax increment revenues generated by the Projects into the Low and Moderate Income Housing Fund for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at an affordable housing cost. Specific housing-related projects, programs and activities are not delineated in the feasibility cash flow, but assume that as housing set aside funds become available they are used by the Agency to fund such expenditures. Please refer to the Implementation Plan for further information on planned housing activities.

c) *Statutory Pass Throughs* - Statutory pass through payments were triggered as a result of a prior amendment in 1996 to increase the limit on the cumulative amount of tax increment which may be allocated to the Agency. These statutory pass through obligations (set forth under Health and Safety Code Section 33607.5) took effect in 2001-02 which is the first year following the fiscal year in which the prior tax increment limit would have been reached. Pass throughs are calculated using an adjusted base value equal to the assessed value in 2000-01. Since none of the taxing agencies have a pass through agreement with the Agency, all taxing agencies are eligible to receive their allocation of the statutory pass throughs.

d) *County Administration Fee* - The tax increment revenue projection includes payments to the County for administrative charges allowed under Chapter 466, Statutes of 1990, (SB 2557).

2. Proceeds from Bonds

The Agency may pledge tax increment revenues to secure the principal and interest payments of tax allocation bonds issued to finance anticipated program costs. The issuance of tax-exempt bonds and the use of said proceeds are subject to federal tax restrictions. The economic feasibility of the financing plan reflected on Table 4 is based upon the Agency's issuance of three tax allocation bonds in addition to the outstanding 2003 bonds to generate approximately $93 million in net proceeds.

3. Interest Income

The Agency may receive interest earnings generated from funds on deposit in the bond reserve funds, project operating funds and other special funds established for the Projects. The 2003 tax allocation bonds require the Agency to maintain a reserve fund and additional tax allocation bond issuances are assumed in the Table 3 cash flow; therefore, interest earnings from monies deposited in a bond reserve fund are anticipated. Interest earnings are projected to total $19 million. During the first four years of the cash flow, estimates are based on the Agency's

Implementation Plan. In subsequent years, the projections are based upon an assumed three percent (3 percent) interest rate.

### 4. Initial Fund Balance

An initial fund balance amount of $82 million comprised of approximately $63 million in unexpended bond proceeds and $19 million in general unreserved fund balance has been included in the projection based on amounts anticipated in the Agency's Implementation Plan. Actual fund balance available may vary from this amount pending completion of the year end balance sheets for fiscal year 2005/06.

## C. PROPOSED FINANCING METHOD, ECONOMIC FEASIBILITY, AND REASONS FOR INCLUDING TAX INCREMENT FINANCING

The anticipated costs to implement a program of revitalization in the proposed Merged Project Area will require significant participation from the Agency as it implements activities that promote and achieve the stated goals and objectives of the Redevelopment Plans. Economic feasibility of the Projects has been determined based upon a comparative cash flow analysis of the anticipated costs for implementation of the proposed redevelopment program to the resulting projected resources expected to be generated over the life of the Projects.

The financial feasibility cash flow summarized on Table 3 at the end of this section was created to represent one scenario of economic feasibility for the Projects that relies primarily on the use of tax increment. At the discretion of the Agency, other funding sources discussed above may also represent viable funding alternatives for economic feasibility of the Redevelopment Plans. Although the Agency may consider other funding sources, not all of the funding sources may be available or be feasible for the Agency to use in financing the anticipated costs and revenue shortfalls. In the event that neither the City nor the private market acting alone could fully bear the costs associated with revitalization of the Projects, the implementation of a redevelopment program utilizing tax increment revenues must be considered as a viable financing tool.

Table 3
Feasibility Cash Flow
Merged Project Area
Milpitas, CA
(000's Omitted)

| | | | | | | | | | | | | | | | | | | | Midtown Area (8) Debt Incurrence Limit | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
| | | *Page 1 of 2* | | | | | | | | | | | | | | | | | | | | | |
| I. Beginning Balance [1] | | 136,031 | 81,544 | 29,028 | 20,890 | 4,532 | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II. Revenue: | | | | | | | | | | | | | | | | | | | | | | | |
| Net Tax Increment + Hsg Set Aside [2] | | 1,352,228 | 26,565 | 28,233 | 30,717 | 33,916 | 37,034 | 40,052 | 41,274 | 41,910 | 42,522 | 43,147 | 43,784 | 44,433 | 45,096 | 45,771 | 46,461 | 47,164 | 47,881 | 48,612 | 49,359 | 50,120 | 50,896 |
| Future TA Bond Proceeds [3] | | 92,875 | 0 | 0 | 0 | 0 | 28,349 | 20,226 | 0 | 44,301 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & Reserve Earnings at 3% | | 18,767 | 2,280 | 1,715 | 1,090 | 690 | 398 | 483 | 546 | 545 | 694 | 694 | 694 | 693 | 693 | 693 | 693 | 692 | 692 | 692 | 692 | 691 | 691 |
| Total Revenue | | 1,463,870 | 28,845 | 29,948 | 31,807 | 34,606 | 65,780 | 60,761 | 41,820 | 86,756 | 43,217 | 43,841 | 44,477 | 45,126 | 45,789 | 46,464 | 47,153 | 47,856 | 48,573 | 49,304 | 50,050 | 50,811 | 51,587 |
| III. Non-Discretionary Expenditures: | | | | | | | | | | | | | | | | | | | | | | | |
| Existing TA Bond Debt (Non-Hsg shr) | | 320,480 | 12,353 | 12,354 | 12,326 | 13,197 | 13,215 | 13,206 | 13,182 | 13,152 | 13,149 | 13,141 | 13,132 | 13,112 | 13,107 | 13,100 | 13,093 | 13,074 | 13,074 | 13,073 | 13,071 | 13,047 | 13,031 |
| Future TA Bond Debt Service | | 162,775 | 0 | 0 | 0 | 0 | 0 | 2,887 | 5,010 | 5,010 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 | 9,991 |
| Land Purchase Agreement w/County [4] | | 158,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Land Purchase Agreement w/City [5] | | 41,966 | 5,750 | 5,750 | 5,750 | 2,700 | 5,750 | 5,750 | 5,750 | 4,766 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Exp @3% Growth | | 100,969 | 2,352 | 2,422 | 2,495 | 2,570 | 2,647 | 2,726 | 2,808 | 2,893 | 2,979 | 3,069 | 3,161 | 3,256 | 3,353 | 3,454 | 3,557 | 3,664 | 3,774 | 3,887 | 4,004 | 4,124 | 4,248 |
| Housing Programs (Low/Mod) | | 325,647 | 5,552 | 5,913 | 6,543 | 7,355 | 8,146 | 8,973 | 9,305 | 9,489 | 9,676 | 9,868 | 10,063 | 10,262 | 10,465 | 10,672 | 10,883 | 11,099 | 11,318 | 11,543 | 11,771 | 12,004 | 12,242 |
| Total Non-Discretionary | | 1,109,838 | 30,007 | 30,439 | 31,115 | 29,822 | 33,759 | 37,542 | 40,055 | 40,309 | 40,796 | 41,068 | 41,346 | 41,621 | 42,916 | 43,217 | 43,525 | 43,828 | 44,158 | 43,494 | 43,837 | 44,167 | 44,512 |
| IV. Available for Discretionary Costs [6] | | 490,063 | 80,383 | 28,538 | 21,583 | 9,316 | 32,057 | 23,219 | 1,764 | 46,447 | 2,421 | 2,773 | 3,131 | 3,505 | 2,873 | 3,248 | 3,629 | 4,027 | 4,415 | 5,811 | 6,214 | 6,644 | 7,075 |
| V. Discretionary Programs | | | --first 4 yrs per implementation plan-- | | | | | | | | | | | | | | | | | | | | |
| Transportation & Infrastructure [7] | 25% | 113,578 | 11,482 | 3,759 | 1,496 | 9,280 | 8,014 | 5,805 | 441 | 11,612 | 605 | 693 | 783 | 876 | 718 | 812 | 907 | 1,007 | 1,104 | 1,453 | 1,553 | 1,661 | 1,769 |
| Economic Stimulation | 25% | 87,561 | 0 | 0 | 0 | 0 | 8,014 | 5,805 | 441 | 11,612 | 605 | 693 | 783 | 876 | 718 | 812 | 907 | 1,007 | 1,104 | 1,453 | 1,553 | 1,661 | 1,769 |
| Community Facilities [7] | 50% | 234,437 | 39,873 | 3,889 | 15,554 | 0 | 16,029 | 11,609 | 882 | 23,223 | 1,210 | 1,386 | 1,565 | 1,753 | 1,436 | 1,624 | 1,814 | 2,014 | 2,207 | 2,905 | 3,107 | 3,322 | 3,537 |
| Total Discretionary Programs [6] | | 435,576 | 51,355 | 7,648 | 17,050 | 9,280 | 32,057 | 23,219 | 1,764 | 46,447 | 2,421 | 2,773 | 3,131 | 3,505 | 2,873 | 3,248 | 3,629 | 4,027 | 4,415 | 5,811 | 6,214 | 6,644 | 7,075 |
| VI. Ending Balance | | 54,487 | 29,028 | 20,890 | 4,532 | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Notes:

[1] Preliminary estimate of unreserved fund balance and remaining bond proceeds based on the Agency's five year implementation plan.

[2] The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. This projection assumes the Agency establishes sufficient debt to collect all annual revenue amounts available to be allocated after the effective life of the original and amendment areas.

[3] Bonds assume debt service coverage sufficient to meet all non-discretionary obligations with a minimum of 125%; 6% non-taxable interest rate; 12% cost of issuance and reserves; term based on remaining years for TI collection in the original area.

[4] Additional payments per section 3.3 of the agreement which applies to FY 2023-24 - 2037-38 have been projected based on the maximum annual payment that may be required.

[5] Payment terms are open, 10% interest rate. Payments of $5.75 M/yr assumed per the implementation plan except 2009-10 when a reduced payment is assumed to address a projected shortfall.

[6] Funds projected after the plan effectiveness limit are only available to repay debt. Project and program expenditures after the effectiveness limit are assumed to relate to debt repayment for projects implemented prior to this limit.

[7] The Agency has entered into an agreement to reimburse the City for constructing certain public improvements. Reimbursement payments are included in these discretionary spending categories because the purpose of the payments is to fund discretionary public infrastructure and community facilities. The first four years of discretionary expenditures are based on the Agency's implementation plan and include reimbursement for overhead expenses.

[8] Reflects plan limits for the Midtown area because the Midtown area has the longest amount of time remaining for effectiveness and tax increment receipt. The ability to incur debt for Amendment area No 2 extends through 2024-25, two years longer than for the Midtown area, due to an SB 211 elimination of the incurrence limit for that area.

**Table 3**
**Feasibility Cash Flow**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

*Page 2 of 2*

| | | | | | | | | Midtown Area (8) Plan Limit | | | | | | | | | | | | | | | Midtown Area (8) TI Receipt Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 | 2039-40 | 2040-41 | 2041-42 | 2042-43 | 2043-44 | 2044-45 | 2045-46 | 2046-47 | 2047-48 | 2048-49 |
| I. Beginning Balance [1] | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II. Revenue: | | | | | | | | | | | | | | | | | | | | | | | |
| Net Tax Increment + Hsg Set Aside [2] | | 51,688 | 52,495 | 39,117 | 39,738 | 40,354 | 23,021 | 23,397 | 23,744 | 10,709 | 10,951 | 11,196 | 11,447 | 11,703 | 11,964 | 12,230 | 12,502 | 12,779 | 13,061 | 13,349 | 13,643 | 13,943 | 14,249 |
| Future TA Bond Proceeds [3] | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & Reserve Earnings at 3% | | 690 | 552 | 252 | 251 | 137 | 136 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | | 52,378 | 53,047 | 39,369 | 39,990 | 40,490 | 23,157 | 23,397 | 23,744 | 10,709 | 10,951 | 11,196 | 11,447 | 11,703 | 11,964 | 12,230 | 12,502 | 12,779 | 13,061 | 13,349 | 13,643 | 13,943 | 14,249 |
| III. Non-Discretionary Expenditures: | | | | | | | | | | | | | | | | | | | | | | | |
| Existing TA Bond Debt (Non-Hsg shr) | | 13,019 | 8,402 | 8,394 | 8,383 | 4,551 | 4,545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Future TA Bond Debt Service | | 9,991 | 9,991 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Purchase Agreement w/County [4] | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Purchase Agreement w/City [5] | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Exp @3% Growth | | 4,375 | 4,506 | 4,642 | 4,781 | 4,924 | 5,072 | 5,224 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing Programs (Low/Mod) | | 12,485 | 12,732 | 9,596 | 9,786 | 9,980 | 5,727 | 5,848 | 5,971 | 2,995 | 3,081 | 3,168 | 3,257 | 3,348 | 3,441 | 3,535 | 3,632 | 3,730 | 3,830 | 3,932 | 4,037 | 4,143 | 4,252 |
| Total Non-Discretionary | | 44,870 | 40,632 | 27,631 | 27,950 | 24,455 | 20,344 | 16,072 | 10,971 | 7,995 | 8,081 | 8,168 | 3,257 | 3,348 | 3,441 | 3,535 | 3,632 | 3,730 | 3,830 | 3,932 | 4,037 | 4,143 | 4,252 |
| IV. Available for Discretionary Costs [6] | | 7,508 | 12,415 | 11,738 | 12,040 | 16,036 | 2,813 | 7,325 | 12,773 | 2,714 | 2,870 | 3,028 | 8,190 | 8,355 | 8,523 | 8,695 | 8,870 | 9,049 | 9,231 | 9,417 | 9,606 | 9,800 | 9,997 |
| V. Discretionary Programs | | | | | | | | | | | | | | | | | | | | | | | |
| Transportation & Infrastructure [7] | 25% | 1,877 | 3,104 | 2,934 | 3,010 | 4,009 | 703 | 1,831 | 3,193 | 679 | 717 | 757 | 2,047 | 2,089 | 2,131 | 2,174 | 2,218 | 2,262 | 2,308 | 2,354 | 2,402 | 2,450 | 2,499 |
| Economic Stimulation | 25% | 1,877 | 3,104 | 2,934 | 3,010 | 4,009 | 703 | 1,831 | 3,193 | 679 | 717 | 757 | 2,047 | 2,089 | 2,131 | 2,174 | 2,218 | 2,262 | 2,308 | 2,354 | 2,402 | 2,450 | 2,499 |
| Community Facilities [7] | 50% | 3,754 | 6,208 | 5,869 | 6,020 | 8,018 | 1,407 | 3,663 | 6,387 | 1,357 | 1,435 | 1,514 | 4,095 | 4,177 | 4,262 | 4,348 | 4,435 | 4,524 | 4,615 | 4,708 | 4,803 | 4,900 | 4,998 |
| Total Discretionary Programs [6] | | 7,508 | 12,415 | 11,738 | 12,040 | 16,036 | 2,813 | 7,325 | 12,773 | 2,714 | 2,870 | 3,028 | 8,190 | 8,355 | 8,523 | 8,695 | 8,870 | 9,049 | 9,231 | 9,417 | 9,606 | 9,800 | 9,997 |
| VI. Ending Balance | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Notes:

[1] Preliminary estimate of unreserved fund balance and remaining bond proceeds based on the Agency's five year implementation plan.

[2] The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. This projection assumes the Agency establishes sufficient debt to collect all annual revenue amounts available to be allocated after the effective life of the original and amendment areas.

[3] Bonds assume debt service coverage sufficient to meet all non-discretionary obligations with a minimum of 125%, 6% non-taxable interest rate; 12% cost of issuance and reserves; term based on remaining years for TI collection in the original area.

[4] Additional payments per section 3.3 of the agreement which applies to FY 2023-24 - 2037-38 have been projected based on the maximum annual payment that may be required.

[5] Payment terms are open, 10% interest rate. Payments of $5.75 M/yr assumed per the implementation plan except 2009-10 when a reduced payment is assumed to address a projected shortfall.

[6] Funds projected after the plan effectiveness limit are only available to repay debt. Project and program expenditures after the effectiveness limit are assumed to relate to debt repayment for projects implemented prior to this limit.

[7] The Agency has entered into an agreement to reimburse the City for constructing certain public improvements. Reimbursement payments are included in these discretionary spending categories because the purpose of the payments is to fund discretionary public infrastructure and community facilities. The first four years of discretionary expenditures are based on the Agency's implementation plan and include reimbursement for overhead expenses.

[8] Reflects plan limits for the Midtown area because the Midtown area has the longest amount of time remaining for effectiveness and tax increment receipt. The ability to incur debt for Amendment area No 2 extends through 2024-25, two years longer than for the Midtown area, due to an SB 211 elimination of the incurrence limit for that area.

**Table 4**
**Tax Increment Revenue Projection - Merged Project Area Summary**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Fiscal Year[1] | Total Project Value | Increment Over Base | Gross Increment Revenue | Cum TI 412,067 | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|
| 2006-07 | 3,445,755 | 2,654,295 | 27,760 | 439,827 | (333) | (5,552) | (861) | 21,013 |
| 2007-08 | 3,735,462 | 2,944,002 | 29,564 | 469,391 | (355) | (5,913) | (976) | 22,320 |
| 2008-09 | 4,063,127 | 3,271,666 | 32,717 | 502,108 | (393) | (6,543) | (1,607) | 24,174 |
| 2009-10 | 4,469,055 | 3,677,595 | 36,776 | 538,884 | (441) | (7,355) | (2,418) | 26,561 |
| 2010-11 | 4,864,659 | 4,073,199 | 40,732 | 579,616 | (489) | (8,146) | (3,210) | 28,887 |
| 2011-12 | 5,277,870 | 4,486,410 | 44,864 | 624,480 | (538) | (8,973) | (4,274) | 31,079 |
| 2012-13 | 5,443,841 | 4,652,380 | 46,524 | 671,004 | (558) | (9,305) | (4,692) | 31,969 |
| 2013-14 | 5,535,787 | 4,744,327 | 47,443 | 718,447 | (569) | (9,489) | (4,964) | 32,422 |
| 2014-15 | 5,629,573 | 4,838,113 | 48,381 | 766,828 | (581) | (9,676) | (5,278) | 32,846 |
| 2015-16 | 5,725,234 | 4,933,774 | 49,338 | 816,166 | (592) | (9,868) | (5,599) | 33,279 |
| 2016-17 | 5,822,809 | 5,031,349 | 50,313 | 866,479 | (604) | (10,063) | (5,926) | 33,721 |
| 2017-18 | 5,922,335 | 5,130,875 | 51,309 | 917,788 | (616) | (10,262) | (6,260) | 34,171 |
| 2018-19 | 6,023,852 | 5,232,391 | 52,324 | 970,112 | (628) | (10,465) | (6,600) | 34,631 |
| 2019-20 | 6,127,399 | 5,335,938 | 53,359 | 1,023,471 | (640) | (10,672) | (6,948) | 35,100 |
| 2020-21 | 6,233,016 | 5,441,556 | 54,416 | 1,077,887 | (653) | (10,883) | (7,302) | 35,578 |
| 2021-22 | 6,340,747 | 5,549,286 | 55,493 | 1,133,380 | (666) | (11,099) | (7,663) | 36,065 |
| 2022-23 | 6,450,631 | 5,659,171 | 56,592 | 1,189,971 | (679) | (11,318) | (8,032) | 36,563 |
| 2023-24 | 6,562,714 | 5,771,254 | 57,713 | 1,247,684 | (693) | (11,543) | (8,407) | 37,070 |
| 2024-25 | 6,677,038 | 5,885,578 | 58,856 | 1,306,540 | (706) | (11,771) | (8,791) | 37,587 |
| 2025-26 | 6,793,649 | 6,002,188 | 60,022 | 1,366,562 | (720) | (12,004) | (9,182) | 38,115 |
| 2026-27 | 6,912,592 | 6,121,131 | 61,211 | 1,427,773 | (735) | (12,242) | (9,581) | 38,654 |
| 2027-28 | 7,033,913 | 6,242,453 | 62,425 | 1,490,197 | (749) | (12,485) | (9,988) | 39,203 |
| 2028-29 | 7,157,662 | 6,366,201 | 63,662 | 1,553,859 | (764) | (12,732) | (10,403) | 39,763 |
| 2029-30 | 5,581,505 | 4,797,885 | 47,979 | 1,601,838 | (576) | (9,596) | (8,286) | 29,521 |
| 2030-31 | 5,676,629 | 4,893,010 | 48,930 | 1,650,768 | (587) | (9,786) | (8,605) | 29,952 |
| 2031-32 | 5,773,656 | 4,990,037 | 49,900 | 1,700,669 | (599) | (9,980) | (8,948) | 30,374 |
| 2032-33 | 3,640,865 | 2,863,404 | 28,634 | 1,729,303 | (344) | (5,727) | (5,270) | 17,294 |
| 2033-34 | 3,701,294 | 2,923,833 | 29,238 | 1,758,541 | (351) | (5,848) | (5,490) | 17,549 |
| 2034-35 | 3,762,933 | 2,985,472 | 29,855 | 1,788,396 | (358) | (5,971) | (5,752) | 17,773 |
| 2035-36 | 2,270,429 | 1,497,712 | 14,977 | 1,803,373 | (180) | (2,995) | (4,088) | 7,714 |
| 2036-37 | 2,313,215 | 1,540,498 | 15,405 | 1,818,778 | (185) | (3,081) | (4,270) | 7,870 |
| 2037-38 | 2,356,857 | 1,584,140 | 15,841 | 1,834,619 | (190) | (3,168) | (4,455) | 8,028 |
| 2038-39 | 2,401,372 | 1,628,655 | 16,287 | 1,850,906 | (195) | (3,257) | (4,644) | 8,190 |
| 2039-40 | 2,446,777 | 1,674,060 | 16,741 | 1,867,646 | (201) | (3,348) | (4,837) | 8,355 |
| 2040-41 | 2,493,090 | 1,720,373 | 17,204 | 1,884,850 | (206) | (3,441) | (5,033) | 8,523 |
| 2041-42 | 2,540,330 | 1,767,613 | 17,676 | 1,902,526 | (212) | (3,535) | (5,234) | 8,695 |
| 2042-43 | 2,588,514 | 1,815,797 | 18,158 | 1,920,684 | (218) | (3,632) | (5,438) | 8,870 |
| 2043-44 | 2,637,662 | 1,864,945 | 18,649 | 1,939,334 | (224) | (3,730) | (5,647) | 9,049 |
| 2044-45 | 2,687,793 | 1,915,076 | 19,151 | 1,958,484 | (230) | (3,830) | (5,860) | 9,231 |
| 2045-46 | 2,738,926 | 1,966,209 | 19,662 | 1,978,147 | (236) | (3,932) | (6,077) | 9,417 |
| 2046-47 | 2,791,082 | 2,018,365 | 20,184 | 1,998,330 | (242) | (4,037) | (6,298) | 9,606 |
| 2047-48 | 2,844,282 | 2,071,564 | 20,716 | 2,019,046 | (249) | (4,143) | (6,524) | 9,800 |
| 2048-49 | 2,898,545 | 2,125,828 | 21,258 | 2,040,304 | (255) | (4,252) | (6,755) | 9,997 |
| TOTAL | | | 1,628,237 | ($2.4 B cap not reached) | (19,539) | (325,647) | (256,470) | 1,026,580 |

Notes:
[1] Assumes the Agency will extend effectiveness and debt repayment limits by 2 years pursuant to CRL 33333.6 (e) (2) (D).

The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. The amounts shown after the plan effective limit are available to be allocated, but only to the extent the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years.

Table 5
**Tax Increment Revenue Projection - Midtown Area**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Plan Year | Fiscal Year | Existing Real Property | Real Growth at 2% | New Development Value Added at 2% growth[2] | Total Real Property | Personal Property | Total Project Value | Increment Over Base $772,717 | Gross Increment Revenue | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 | 2006-07 | 509,702 | 10,194 | 0 | 519,896 | 131,119 | 651,015 | (121,702) | 0 | 0 | 0 | 0 | 0 |
| 5 | 2007-08 | 519,896 | 10,398 | 98,905 | 629,199 | 131,119 | 760,318 | (12,399) | 0 | 0 | 0 | 0 | 0 |
| 6 | 2008-09 | 530,294 | 10,606 | 192,002 | 732,902 | 131,119 | 864,021 | 91,304 | 913 | (11) | (183) | (183) | 537 |
| 7 | 2009-10 | 540,900 | 10,818 | 237,272 | 788,990 | 131,119 | 920,109 | 147,392 | 1,474 | (18) | (295) | (295) | 867 |
| 8 | 2010-11 | 551,718 | 11,034 | 453,414 | 1,016,167 | 131,119 | 1,147,286 | 374,568 | 3,746 | (45) | (749) | (749) | 2,202 |
| 9 | 2011-12 | 562,752 | 11,255 | 680,221 | 1,254,228 | 131,119 | 1,385,347 | 612,630 | 6,126 | (74) | (1,225) | (1,225) | 3,602 |
| 10 | 2012-13 | 574,007 | 11,480 | 771,169 | 1,356,656 | 131,119 | 1,487,775 | 715,058 | 7,151 | (86) | (1,430) | (1,430) | 4,205 |
| 11 | 2013-14 | 585,487 | 11,710 | 786,592 | 1,383,789 | 131,119 | 1,514,908 | 742,191 | 7,422 | (89) | (1,484) | (1,484) | 4,364 |
| 12 | 2014-15 | 597,197 | 11,944 | 802,324 | 1,411,465 | 131,119 | 1,542,584 | 769,867 | 7,699 | (92) | (1,540) | (1,577) | 4,490 |
| 13 | 2015-16 | 609,141 | 12,183 | 818,371 | 1,439,694 | 131,119 | 1,570,813 | 798,096 | 7,981 | (96) | (1,596) | (1,672) | 4,617 |
| 14 | 2016-17 | 621,324 | 12,426 | 834,738 | 1,468,488 | 131,119 | 1,599,607 | 826,890 | 8,269 | (99) | (1,654) | (1,768) | 4,748 |
| 15 | 2017-18 | 633,750 | 12,675 | 851,433 | 1,497,858 | 131,119 | 1,628,977 | 856,260 | 8,563 | (103) | (1,713) | (1,866) | 4,881 |
| 16 | 2018-19 | 646,425 | 12,929 | 868,461 | 1,527,815 | 131,119 | 1,658,934 | 886,217 | 8,862 | (106) | (1,772) | (1,966) | 5,017 |
| 17 | 2019-20 | 659,354 | 13,187 | 885,831 | 1,558,372 | 131,119 | 1,689,491 | 916,773 | 9,168 | (110) | (1,834) | (2,069) | 5,155 |
| 18 | 2020-21 | 672,541 | 13,451 | 903,547 | 1,589,539 | 131,119 | 1,720,658 | 947,941 | 9,479 | (114) | (1,896) | (2,173) | 5,297 |
| 19 | 2021-22 | 685,992 | 13,720 | 921,618 | 1,621,330 | 131,119 | 1,752,449 | 979,732 | 9,797 | (118) | (1,959) | (2,279) | 5,441 |
| 20 | 2022-23 | 699,712 | 13,994 | 940,051 | 1,653,756 | 131,119 | 1,784,875 | 1,012,158 | 10,122 | (121) | (2,024) | (2,388) | 5,588 |
| 21 | 2023-24 | 713,706 | 14,274 | 958,852 | 1,686,832 | 131,119 | 1,817,951 | 1,045,233 | 10,452 | (125) | (2,090) | (2,499) | 5,738 |
| 22 | 2024-25 | 727,980 | 14,560 | 978,029 | 1,720,568 | 131,119 | 1,851,687 | 1,078,970 | 10,790 | (129) | (2,158) | (2,612) | 5,891 |
| 23 | 2025-26 | 742,540 | 14,851 | 997,589 | 1,754,980 | 131,119 | 1,886,099 | 1,113,381 | 11,134 | (134) | (2,227) | (2,727) | 6,047 |
| 24 | 2026-27 | 757,390 | 15,148 | 1,017,541 | 1,790,079 | 131,119 | 1,921,198 | 1,148,481 | 11,485 | (138) | (2,297) | (2,844) | 6,206 |
| 25 | 2027-28 | 772,538 | 15,451 | 1,037,892 | 1,825,881 | 131,119 | 1,957,000 | 1,184,282 | 11,843 | (142) | (2,369) | (2,964) | 6,368 |
| 26 | 2028-29 | 787,989 | 15,760 | 1,058,650 | 1,862,398 | 131,119 | 1,993,517 | 1,220,800 | 12,208 | (146) | (2,442) | (3,086) | 6,533 |
| 27 | 2029-30 | 803,749 | 16,075 | 1,079,823 | 1,899,646 | 131,119 | 2,030,765 | 1,258,048 | 12,580 | (151) | (2,516) | (3,211) | 6,702 |
| 28 | 2030-31 | 819,824 | 16,396 | 1,101,419 | 1,937,639 | 131,119 | 2,068,758 | 1,296,041 | 12,960 | (156) | (2,592) | (3,338) | 6,875 |
| 29 | 2031-32 | 836,220 | 16,724 | 1,123,447 | 1,976,392 | 131,119 | 2,107,511 | 1,334,794 | 13,348 | (160) | (2,670) | (3,468) | 7,050 |
| 30 | 2032-33 | 852,945 | 17,059 | 1,145,916 | 2,015,920 | 131,119 | 2,147,039 | 1,374,322 | 13,743 | (165) | (2,749) | (3,600) | 7,229 |
| 31 | 2033-34 [1] Plan Limit | 870,003 | 17,400 | 1,168,835 | 2,056,238 | 131,119 | 2,187,357 | 1,414,640 | 14,146 | (170) | (2,829) | (3,735) | 7,412 |

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**Table 5**
**Tax Increment Revenue Projection - Midtown Area**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Plan Year | Fiscal Year | Existing Real Property | Real Growth at 2% | New Development Value Added at 2% growth[2] | Total Real Property | Personal Property | Total Project Value | Increment Over Base $772,717 | Gross Increment Revenue | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 32 | 2034-35 | 887,403 | 17,748 | 1,192,211 | 2,097,363 | 131,119 | 2,228,482 | 1,455,765 | 14,558 | (175) | (2,912) | (3,910) | 7,562 |
| 33 | 2035-36 | 905,152 | 18,103 | 1,216,056 | 2,139,310 | 131,119 | 2,270,429 | 1,497,712 | 14,977 | (180) | (2,995) | (4,088) | 7,714 |
| 34 | 2036-37 | 923,255 | 18,465 | 1,240,377 | 2,182,096 | 131,119 | 2,313,215 | 1,540,498 | 15,405 | (185) | (3,081) | (4,270) | 7,870 |
| 35 | 2037-38 | 941,720 | 18,834 | 1,265,184 | 2,225,738 | 131,119 | 2,356,857 | 1,584,140 | 15,841 | (190) | (3,168) | (4,455) | 8,028 |
| 36 | 2038-39 | 960,554 | 19,211 | 1,290,488 | 2,270,253 | 131,119 | 2,401,372 | 1,628,655 | 16,287 | (195) | (3,257) | (4,644) | 8,190 |
| 37 | 2039-40 | 979,765 | 19,595 | 1,316,298 | 2,315,658 | 131,119 | 2,446,777 | 1,674,060 | 16,741 | (201) | (3,348) | (4,837) | 8,355 |
| 38 | 2040-41 | 999,360 | 19,987 | 1,342,624 | 2,361,971 | 131,119 | 2,493,090 | 1,720,373 | 17,204 | (206) | (3,441) | (5,033) | 8,523 |
| 39 | 2041-42 | 1,019,348 | 20,387 | 1,369,476 | 2,409,211 | 131,119 | 2,540,330 | 1,767,613 | 17,676 | (212) | (3,535) | (5,234) | 8,695 |
| 40 | 2042-43 | 1,039,735 | 20,795 | 1,396,866 | 2,457,395 | 131,119 | 2,588,514 | 1,815,797 | 18,158 | (218) | (3,632) | (5,438) | 8,870 |
| 41 | 2043-44 | 1,060,529 | 21,211 | 1,424,803 | 2,506,543 | 131,119 | 2,637,662 | 1,864,945 | 18,649 | (224) | (3,730) | (5,647) | 9,049 |
| 42 | 2044-45 | 1,081,740 | 21,635 | 1,453,299 | 2,556,674 | 131,119 | 2,687,793 | 1,915,076 | 19,151 | (230) | (3,830) | (5,860) | 9,231 |
| 43 | 2045-46 | 1,103,375 | 22,067 | 1,482,365 | 2,607,807 | 131,119 | 2,738,926 | 1,966,209 | 19,662 | (236) | (3,932) | (6,077) | 9,417 |
| 44 | 2046-47 | 1,125,442 | 22,509 | 1,512,012 | 2,659,963 | 131,119 | 2,791,082 | 2,018,365 | 20,184 | (242) | (4,037) | (6,298) | 9,606 |
| 45 | 2047-48 | 1,147,951 | 22,959 | 1,542,253 | 2,713,163 | 131,119 | 2,844,282 | 2,071,564 | 20,716 | (249) | (4,143) | (6,524) | 9,800 |
| 46 | 2048-49 [1] Receipt Limi | 1,170,910 | 23,418 | 1,573,098 | 2,767,426 | 131,119 | 2,898,545 | 2,125,828 | 21,258 | (255) | (4,252) | (6,755) | 9,997 |
| | TOTAL | | | | | | | | 507,927 | (6,095) | (101,585) | (136,279) | 263,968 |

Notes:

[1] The Agency has extended plan effectiveness and tax increment receipt limits by 1 year pursuant to CRL 33333.6 (e) (2) (C).

[2] See Table 9

Note:

The CRL permits the Agency to receive tax increment beyond the 30 year effective life of the Plan in order to repay indebtedness. The amounts shown in Years 32 to 46 are the annual revenue amounts available to be allocated, but only to the extent the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years.

**Table 6**
**Tax Increment Revenue Projection - Original Area**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Plan Year | Fiscal Year | Existing Real Property | Real Growth at 2% | New Development Value Added at 2% growth[2] | Total Real Property | Personal Property | Total Project Value | Increment Over Base $7,841 | Gross Increment Revenue | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 | 2006-07 | 1,007,567 | 20,151 | 0 | 1,027,719 | 21,220 | 1,048,939 | 1,041,098 | 10,411 | (125) | (2,082) | (518) | 7,686 |
| 31 | 2007-08 | 1,027,719 | 20,554 | 0 | 1,048,273 | 21,220 | 1,069,494 | 1,061,652 | 10,617 | (127) | (2,123) | (559) | 7,806 |
| 32 | 2008-09 | 1,048,273 | 20,965 | 39,950 | 1,109,188 | 21,220 | 1,130,409 | 1,122,568 | 11,226 | (135) | (2,245) | (681) | 8,165 |
| 33 | 2009-10 | 1,069,238 | 21,385 | 40,749 | 1,131,372 | 21,220 | 1,152,593 | 1,144,751 | 11,448 | (137) | (2,290) | (726) | 8,295 |
| 34 | 2010-11 | 1,090,623 | 21,812 | 41,564 | 1,154,000 | 21,220 | 1,175,220 | 1,167,379 | 11,674 | (140) | (2,335) | (771) | 8,428 |
| 35 | 2011-12 | 1,112,436 | 22,249 | 42,395 | 1,177,080 | 21,220 | 1,198,300 | 1,190,459 | 11,905 | (143) | (2,381) | (848) | 8,533 |
| 36 | 2012-13 | 1,134,684 | 22,694 | 43,243 | 1,200,621 | 21,220 | 1,221,842 | 1,214,001 | 12,140 | (146) | (2,428) | (927) | 8,639 |
| 37 | 2013-14 | 1,157,378 | 23,148 | 44,108 | 1,224,634 | 21,220 | 1,245,854 | 1,238,013 | 12,380 | (149) | (2,476) | (1,008) | 8,748 |
| 38 | 2014-15 | 1,180,526 | 23,611 | 44,990 | 1,249,126 | 21,220 | 1,270,347 | 1,262,506 | 12,625 | (152) | (2,525) | (1,090) | 8,858 |
| 39 | 2015-16 | 1,204,136 | 24,083 | 45,890 | 1,274,109 | 21,220 | 1,295,329 | 1,287,488 | 12,875 | (154) | (2,575) | (1,174) | 8,971 |
| 40 | 2016-17 | 1,228,219 | 24,564 | 46,808 | 1,299,591 | 21,220 | 1,320,812 | 1,312,970 | 13,130 | (158) | (2,626) | (1,259) | 9,087 |
| 41 | 2017-18 | 1,252,783 | 25,056 | 47,744 | 1,325,583 | 21,220 | 1,346,803 | 1,338,962 | 13,390 | (161) | (2,678) | (1,347) | 9,204 |
| 42 | 2018-19[1] Plan Limit | 1,277,839 | 25,557 | 48,699 | 1,352,095 | 21,220 | 1,373,315 | 1,365,474 | 13,655 | (164) | (2,731) | (1,436) | 9,324 |
| 43 | 2019-20 | 1,303,396 | 26,068 | 49,673 | 1,379,136 | 21,220 | 1,400,357 | 1,392,516 | 13,925 | (167) | (2,785) | (1,526) | 9,447 |
| 44 | 2020-21 | 1,329,464 | 26,589 | 50,666 | 1,406,719 | 21,220 | 1,427,940 | 1,420,098 | 14,201 | (170) | (2,840) | (1,619) | 9,571 |
| 45 | 2021-22 | 1,356,053 | 27,121 | 51,680 | 1,434,854 | 21,220 | 1,456,074 | 1,448,233 | 14,482 | (174) | (2,896) | (1,713) | 9,699 |
| 46 | 2022-23 | 1,383,174 | 27,663 | 52,713 | 1,463,551 | 21,220 | 1,484,771 | 1,476,930 | 14,769 | (177) | (2,954) | (1,810) | 9,828 |
| 47 | 2023-24 | 1,410,837 | 28,217 | 53,767 | 1,492,822 | 21,220 | 1,514,042 | 1,506,201 | 15,062 | (181) | (3,012) | (1,908) | 9,961 |
| 48 | 2024-25 | 1,439,054 | 28,781 | 54,843 | 1,522,678 | 21,220 | 1,543,899 | 1,536,057 | 15,361 | (184) | (3,072) | (2,008) | 10,096 |
| 49 | 2025-26 | 1,467,835 | 29,357 | 55,940 | 1,553,132 | 21,220 | 1,574,352 | 1,566,511 | 15,665 | (188) | (3,133) | (2,110) | 10,234 |
| 50 | 2026-27 | 1,497,192 | 29,944 | 57,058 | 1,584,194 | 21,220 | 1,605,415 | 1,597,574 | 15,976 | (192) | (3,195) | (2,215) | 10,374 |
| 51 | 2027-28 | 1,527,136 | 30,543 | 58,200 | 1,615,878 | 21,220 | 1,637,099 | 1,629,257 | 16,293 | (196) | (3,259) | (2,321) | 10,518 |
| 52 | 2028-29[1] Receipt Limi | 1,557,679 | 31,154 | 59,364 | 1,648,196 | 21,220 | 1,669,416 | 1,661,575 | 16,616 | (199) | (3,323) | (2,429) | 10,664 |
| | TOTAL | | | | | | | | 309,823 | (3,718) | (61,965) | (32,004) | 212,136 |

Notes:
[1] The Agency has extended plan effectiveness and tax increment receipt limits by 1 year. Extension by 2 additional years is assumed pursuant to CRL 33333.6 (e) (2) (D).
[2] See Table 9

The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. The amounts shown in Years 43 to 52 are the annual revenue amounts available to be allocated, but only to the extent the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years.

Prepared by Keyser Marston Associates, Inc.
Filename: Milpitas Feas_7-25-06; TI- original; 7/25/2006; dd: Page 1 of 1

**Table 7**
**Tax Increment Revenue Projection - Amendment Area No. 1**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Plan Year | Fiscal Year | Existing Real Property | Real Growth at 2% | New Development Value Added at 2% growth[2] | Total Real Property | Total Personal Property | Total Project Value | Increment Over Base $6,158 | Gross Increment Revenue | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 27 | 2006-07 | 441,893 | 8,838 | 0 | 450,731 | 205,903 | 656,635 | 650,477 | 6,505 | (78) | (1,301) | 0 | 5,126 |
| 28 | 2007-08 | 450,731 | 9,015 | 138,817 | 598,563 | 205,903 | 804,466 | 798,308 | 7,983 | (96) | (1,597) | (49) | 6,241 |
| 29 | 2008-09 | 459,746 | 9,195 | 280,410 | 749,351 | 205,903 | 955,254 | 949,096 | 9,491 | (114) | (1,898) | (351) | 7,128 |
| 30 | 2009-10 | 468,941 | 9,379 | 586,184 | 1,064,504 | 205,903 | 1,270,407 | 1,264,249 | 12,642 | (152) | (2,528) | (981) | 8,981 |
| 31 | 2010-11 | 478,320 | 9,566 | 709,664 | 1,197,550 | 205,903 | 1,403,454 | 1,397,295 | 13,973 | (168) | (2,795) | (1,247) | 9,763 |
| 32 | 2011-12 | 487,886 | 9,758 | 838,966 | 1,336,610 | 205,903 | 1,542,514 | 1,536,355 | 15,364 | (184) | (3,073) | (1,714) | 10,392 |
| 33 | 2012-13 | 497,644 | 9,953 | 855,746 | 1,363,342 | 205,903 | 1,569,246 | 1,563,088 | 15,631 | (188) | (3,126) | (1,804) | 10,513 |
| 34 | 2013-14 | 507,597 | 10,152 | 872,861 | 1,390,609 | 205,903 | 1,596,513 | 1,590,354 | 15,904 | (191) | (3,181) | (1,895) | 10,637 |
| 35 | 2014-15 | 517,749 | 10,355 | 890,318 | 1,418,421 | 205,903 | 1,624,325 | 1,618,167 | 16,182 | (194) | (3,236) | (1,989) | 10,762 |
| 36 | 2015-16 | 528,104 | 10,562 | 908,124 | 1,446,790 | 205,903 | 1,652,693 | 1,646,535 | 16,465 | (198) | (3,293) | (2,084) | 10,891 |
| 37 | 2016-17 | 538,666 | 10,773 | 926,287 | 1,475,726 | 205,903 | 1,681,629 | 1,675,471 | 16,755 | (201) | (3,351) | (2,181) | 11,022 |
| 38 | 2017-18 | 549,439 | 10,989 | 944,812 | 1,505,240 | 205,903 | 1,711,144 | 1,704,985 | 17,050 | (205) | (3,410) | (2,280) | 11,155 |
| 39 | 2018-19 | 560,428 | 11,209 | 963,709 | 1,535,345 | 205,903 | 1,741,248 | 1,735,090 | 17,351 | (208) | (3,470) | (2,381) | 11,291 |
| 40 | 2019-20 | 571,636 | 11,433 | 982,983 | 1,566,052 | 205,903 | 1,771,955 | 1,765,797 | 17,658 | (212) | (3,532) | (2,484) | 11,430 |
| 41 | 2020-21 | 583,069 | 11,661 | 1,002,642 | 1,597,373 | 205,903 | 1,803,276 | 1,797,118 | 17,971 | (216) | (3,594) | (2,589) | 11,572 |
| 42 | 2021-22[1] Plan Limit | 594,730 | 11,895 | 1,022,695 | 1,629,320 | 205,903 | 1,835,224 | 1,829,066 | 18,291 | (219) | (3,658) | (2,697) | 11,716 |
| 43 | 2022-23 | 606,625 | 12,133 | 1,043,149 | 1,661,907 | 205,903 | 1,867,810 | 1,861,652 | 18,617 | (223) | (3,723) | (2,806) | 11,864 |
| 44 | 2023-24 | 618,758 | 12,375 | 1,064,012 | 1,695,145 | 205,903 | 1,901,048 | 1,894,890 | 18,949 | (227) | (3,790) | (2,917) | 12,014 |
| 45 | 2024-25 | 631,133 | 12,623 | 1,085,292 | 1,729,048 | 205,903 | 1,934,951 | 1,928,793 | 19,288 | (231) | (3,858) | (3,031) | 12,168 |
| 46 | 2025-26 | 643,755 | 12,875 | 1,106,998 | 1,763,629 | 205,903 | 1,969,532 | 1,963,374 | 19,634 | (236) | (3,927) | (3,147) | 12,324 |
| 47 | 2026-27 | 656,630 | 13,133 | 1,129,138 | 1,798,901 | 205,903 | 2,004,805 | 1,998,647 | 19,986 | (240) | (3,997) | (3,266) | 12,484 |
| 48 | 2027-28 | 669,763 | 13,395 | 1,151,721 | 1,834,879 | 205,903 | 2,040,783 | 2,034,625 | 20,346 | (244) | (4,069) | (3,386) | 12,646 |
| 49 | 2028-29 | 683,158 | 13,663 | 1,174,755 | 1,871,577 | 205,903 | 2,077,480 | 2,071,322 | 20,713 | (249) | (4,143) | (3,510) | 12,812 |
| 50 | 2029-30 | 696,821 | 13,936 | 1,198,251 | 1,909,008 | 205,903 | 2,114,912 | 2,108,754 | 21,088 | (253) | (4,218) | (3,635) | 12,982 |
| 51 | 2030-31 | 710,758 | 14,215 | 1,222,216 | 1,947,189 | 205,903 | 2,153,092 | 2,146,934 | 21,469 | (258) | (4,294) | (3,763) | 13,154 |
| 52 | 2031-32[1] Receipt Limi | 724,973 | 14,499 | 1,246,660 | 1,986,132 | 205,903 | 2,192,036 | 2,185,878 | 21,859 | (262) | (4,372) | (3,894) | 13,331 |
| | TOTAL | | | | | | | | 437,163 | (5,246) | (87,433) | (60,084) | 284,401 |

Notes:

[1] The Agency has extended plan effectiveness and tax increment receipt limits by 1 year. Extension by 2 additional years is assumed pursuant to CRL 33333.6 (e) (2) (D).

[2] See Table 9

The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. The amounts shown in Years 43 to 52 are the annual revenue amounts available to be allocated, but only to the extent the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years.

Prepared by Keyser Marston Associates, Inc.
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Table 8
Tax Increment Revenue Projection - Amendment Area No. 2
Merged Project Area
Milpitas, CA
(000's Omitted)

| Plan Year | Fiscal Year | | Existing Real Property | Real Growth at 2% | Total Real Property | Total Personal Property | Total Project Value | Increment Over Base $4,744 | Gross Increment Revenue | County Admin Fee 1.20% | Housing Set Aside -20.00% | Statutory Pass Through | Net Tax Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25 | 2006-07 | | 589,121 | 11,782 | 600,904 | 488,263 | 1,089,166 | 1,084,423 | 10,844 | (130) | (2,169) | (343) | 8,202 |
| 26 | 2007-08 | | 600,904 | 12,018 | 612,922 | 488,263 | 1,101,184 | 1,096,441 | 10,964 | (132) | (2,193) | (367) | 8,273 |
| 27 | 2008-09 | | 612,922 | 12,258 | 625,180 | 488,263 | 1,113,443 | 1,108,699 | 11,087 | (133) | (2,217) | (392) | 8,345 |
| 28 | 2009-10 | | 625,180 | 12,504 | 637,684 | 488,263 | 1,125,947 | 1,121,203 | 11,212 | (135) | (2,242) | (417) | 8,418 |
| 29 | 2010-11 | | 637,684 | 12,754 | 650,438 | 488,263 | 1,138,700 | 1,133,956 | 11,340 | (136) | (2,268) | (442) | 8,493 |
| 30 | 2011-12 | | 650,438 | 13,009 | 663,446 | 488,263 | 1,151,709 | 1,146,965 | 11,470 | (138) | (2,294) | (486) | 8,552 |
| 31 | 2012-13 | | 663,446 | 13,269 | 676,715 | 488,263 | 1,164,978 | 1,160,234 | 11,602 | (139) | (2,320) | (531) | 8,612 |
| 32 | 2013-14 | | 676,715 | 13,534 | 690,250 | 488,263 | 1,178,512 | 1,173,768 | 11,738 | (141) | (2,348) | (576) | 8,673 |
| 33 | 2014-15 | | 690,250 | 13,805 | 704,055 | 488,263 | 1,192,317 | 1,187,573 | 11,876 | (143) | (2,375) | (622) | 8,736 |
| 34 | 2015-16 | | 704,055 | 14,081 | 718,136 | 488,263 | 1,206,398 | 1,201,654 | 12,017 | (144) | (2,403) | (670) | 8,799 |
| 35 | 2016-17 | | 718,136 | 14,363 | 732,498 | 488,263 | 1,220,761 | 1,216,017 | 12,160 | (146) | (2,432) | (718) | 8,864 |
| 36 | 2017-18 | | 732,498 | 14,650 | 747,148 | 488,263 | 1,235,411 | 1,230,667 | 12,307 | (148) | (2,461) | (767) | 8,931 |
| 37 | 2018-19 | | 747,148 | 14,943 | 762,091 | 488,263 | 1,250,354 | 1,245,610 | 12,456 | (149) | (2,491) | (817) | 8,998 |
| 38 | 2019-20 | | 762,091 | 15,242 | 777,333 | 488,263 | 1,265,596 | 1,260,852 | 12,609 | (151) | (2,522) | (868) | 9,067 |
| 39 | 2020-21 | | 777,333 | 15,547 | 792,880 | 488,263 | 1,281,142 | 1,276,399 | 12,764 | (153) | (2,553) | (920) | 9,138 |
| 40 | 2021-22 | | 792,880 | 15,858 | 808,737 | 488,263 | 1,297,000 | 1,292,256 | 12,923 | (155) | (2,585) | (974) | 9,209 |
| 41 | 2022-23 | | 808,737 | 16,175 | 824,912 | 488,263 | 1,313,175 | 1,308,431 | 13,084 | (157) | (2,617) | (1,028) | 9,283 |
| 42 | 2023-24 | | 824,912 | 16,498 | 841,410 | 488,263 | 1,329,673 | 1,324,929 | 13,249 | (159) | (2,650) | (1,083) | 9,357 |
| 43 | 2024-25[1] | Plan Limit | 841,410 | 16,828 | 858,239 | 488,263 | 1,346,501 | 1,341,757 | 13,418 | (161) | (2,684) | (1,140) | 9,433 |
| 44 | 2025-26 | | 858,239 | 17,165 | 875,403 | 488,263 | 1,363,666 | 1,358,922 | 13,589 | (163) | (2,718) | (1,197) | 9,511 |
| 45 | 2026-27 | | 875,403 | 17,508 | 892,911 | 488,263 | 1,381,174 | 1,376,430 | 13,764 | (165) | (2,753) | (1,256) | 9,590 |
| 46 | 2027-28 | | 892,911 | 17,858 | 910,770 | 488,263 | 1,399,032 | 1,394,288 | 13,943 | (167) | (2,789) | (1,316) | 9,671 |
| 47 | 2028-29 | | 910,770 | 18,215 | 928,985 | 488,263 | 1,417,248 | 1,412,504 | 14,125 | (170) | (2,825) | (1,377) | 9,753 |
| 48 | 2029-30 | | 928,985 | 18,580 | 947,565 | 488,263 | 1,435,827 | 1,431,084 | 14,311 | (172) | (2,862) | (1,440) | 9,837 |
| 49 | 2030-31 | | 947,565 | 18,951 | 966,516 | 488,263 | 1,454,779 | 1,450,035 | 14,500 | (174) | (2,900) | (1,503) | 9,923 |
| 50 | 2031-32 | | 966,516 | 19,330 | 985,846 | 488,263 | 1,474,109 | 1,469,365 | 14,694 | (176) | (2,939) | (1,586) | 9,993 |
| 51 | 2032-33 | | 985,846 | 19,717 | 1,005,563 | 488,263 | 1,493,826 | 1,489,082 | 14,891 | (179) | (2,978) | (1,670) | 10,064 |
| 52 | 2033-34 | | 1,005,563 | 20,111 | 1,025,674 | 488,263 | 1,513,937 | 1,509,193 | 15,092 | (181) | (3,018) | (1,755) | 10,137 |
| 53 | 2034-35[1] | Receipt Limi | 1,025,674 | 20,513 | 1,046,188 | 488,263 | 1,534,451 | 1,529,707 | 15,297 | (184) | (3,059) | (1,843) | 10,211 |
| | TOTAL | | | | | | | | 373,324 | (4,480) | (74,665) | (28,103) | 266,076 |

Notes:

[1] The Agency has extended plan effectiveness and tax increment receipt limits by 1 year. Extension by 2 additional years is assumed pursuant to CRL 33333.6 (e) (2) (D).

The CRL permits the Agency to receive tax increment beyond the effective life of the Plan in order to repay indebtedness. The amounts shown in Years 44 to 53 are the annual revenue amounts available to be allocated, but only to the extent the Agency can demonstrate that such funds are needed to repay outstanding indebtedness in these years.

Prepared by Keyser Marston Associates, Inc.
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**Table 9**
**New Development Value Added**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Approved and Proposed Projects | Unit | $/Unit [1] | Total AV | less existing value [3] | Value Added | *Calendar Year of Development* 2006 / *Fiscal Year Value Added to Secured Tax Roll* 1 / 2007-08 | 2007 / 2 / 2008-09 | 2008 / 3 / 2009-10 | 2009 / 4 / 2010-11 | 2010 / 5 / 2011-12 | 2011 / 6 / 2012-13 | 2012 / 7 / 2013-14 | 2013 / 8 / 2014-15 | 2014 / 9 / 2015-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Page 1 of 2* | | | | | | | | | | | | | | |
| **Midtown Area** | | | | | | | | | | | | | | |
| Apton Plaza Condos | | | | | | | | | | | | | | |
| Market Rate Units | 74 Units | 650,000 | 48,100 | (2,951) | 45,149 | 0 | 45,149 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Very Low-Income Units | 9 Units | 60,000 | 540 | 0 | 540 | 0 | 540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Moderate-Income Units | 10 Units | 400,000 | 4,000 | 0 | 4,000 | 0 | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aspen Village affordable apts [2] | 101 Units | 0 | 0 | NA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bay Stone Condos | | | | | | | | | | | | | | |
| Market Rate Units | 310 Units | 700,000 | 217,000 | (9,279) | 207,720 | 0 | 0 | 0 | 69,240 | 69,240 | 69,240 | 0 | 0 | 0 |
| Affordable Units (assume VL) [4] | 77 Units | 60,000 | 4,620 | 0 | 4,620 | 0 | 0 | 0 | 1,540 | 1,540 | 1,540 | 0 | 0 | 0 |
| Paragon condos | | | | | | | | | | | | | | |
| Market Rate Units | 118 Units | 700,000 | 82,600 | (1,479) | 81,120 | 0 | 40,560 | 40,560 | 0 | 0 | 0 | 0 | 0 | 0 |
| Affordable Units (assume VL) [4] | 29 Units | 60,000 | 1,740 | 0 | 1,740 | 0 | 870 | 870 | 0 | 0 | 0 | 0 | 0 | 0 |
| Parc Place condos & townhouses | | | | | | | | | | | | | | |
| Market Rate Units | 227 Units | 675,000 | 153,225 | (70,200) | 83,025 | 83,025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Very Low-Income Units | 18 Units | 60,000 | 1,080 | NA | 1,080 | 1,080 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Low-Income Units | 6 Units | 200,000 | 1,200 | NA | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Moderate-Income Units | 34 Units | 400,000 | 13,600 | NA | 13,600 | 13,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mid-Peninsula Senior Hsg (aff) [2] | 103 Units | 0 | 0 | NA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Warmington condos | 389 Units | 750,000 | 291,750 | (22,830) | 268,919 | 0 | 0 | 0 | 134,460 | 134,460 | 0 | 0 | 0 | 0 |
| Total Real Property Value | 1,505 Units | | | | 712,713 | 98,905 | 91,119 | 41,430 | 205,240 | 205,240 | 70,780 | 0 | 0 | 0 |
| Total Real Property Value (Inflated) [5] | | | | | 3.00% | 98,905 | 91,119 | 41,430 | 211,397 | 217,739 | 77,343 | 0 | 0 | 0 |
| Cumulative Value with Prop 13 Increases | | | | | 102.00% | 98,905 | 192,002 | 237,272 | 453,414 | 680,221 | 771,169 | 786,592 | 802,324 | 818,371 |

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**Table 9**
**New Development Value Added**
**Merged Project Area**
**Milpitas, CA**
**(000's Omitted)**

| Approved and Proposed Projects | Unit | | $/Unit [1] | Total AV | less existing value [3] | Value Added | Calendar Year of Development / Fiscal Year Value Added to Secured Tax Roll | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| | | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | | | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| *Page 2 of 2* | | | | | | | | | | | | | | | |
| **Amendment No. 1** | | | | | | | | | | | | | | | |
| Fairfield Condos | | | | | | | | | | | | | | | |
| Market Rate Units | 371 | Units | 800,000 | 296,800 | (215) | 296,584 | 0 | 0 | 98,861 | 98,861 | 98,861 | 0 | 0 | 0 | 0 |
| Very Low-Income Units | 22 | Units | 60,000 | 1,320 | 0 | 1,320 | 0 | 0 | 440 | 440 | 440 | 0 | 0 | 0 | 0 |
| Low-Income Units | 4 | Units | 200,000 | 800 | 0 | 800 | 0 | 0 | 267 | 267 | 267 | 0 | 0 | 0 | 0 |
| Moderate-Income Units | 67 | Units | 400,000 | 26,800 | 0 | 26,800 | 0 | 0 | 8,933 | 8,933 | 8,933 | 0 | 0 | 0 | 0 |
| KB Homes townhouses & condos | | | | | | | | | | | | | | | |
| Market Rate Units | 573 | Units | 650,000 | 372,450 | NA | 372,450 | 124,150 | 124,150 | 124,150 | 0 | 0 | 0 | 0 | 0 | 0 |
| Moderate-Income Units | 110 | Units | 400,000 | 44,000 | NA | 44,000 | 14,667 | 14,667 | 14,667 | 0 | 0 | 0 | 0 | 0 | 0 |
| So. Main St (Matteson) condos | | | | | | | | | | | | | | | |
| Market Rate Units | 117 | Units | 500,000 | 58,500 | (7,392) | 51,108 | 0 | 0 | 51,108 | 0 | 0 | 0 | 0 | 0 | 0 |
| Affordable Units (assume VL) [4] | 29 | Units | 60,000 | 1,740 | 0 | 1,740 | 0 | 0 | 1,740 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Real Property Value | 1,147 | Units | | | | 794,802 | 138,817 | 138,817 | 300,166 | 108,501 | 108,501 | 0 | 0 | 0 | 0 |
| Total Real Property Value (Inflated) [5] | | | | | | 3.00% | 138,817 | 138,817 | 300,166 | 111,756 | 115,109 | 0 | 0 | 0 | 0 |
| Cumulative Value with Prop 13 Increases | | | | | | 102.00% | 138,817 | 280,410 | 586,184 | 709,664 | 838,966 | 855,746 | 872,861 | 890,318 | 908,124 |
| **Original Area** | | | | | | | | | | | | | | | |
| Town Center - Residential Component [6] | | | | | | | | | | | | | | | |
| Market Rate Units | 49 | Units | 750,000 | 36,750 | 0 | 36,750 | 0 | 36,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Low-Income Units | 16 | Units | 200,000 | 3,200 | 0 | 3,200 | 0 | 3,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Real Property Value | 65 | Units | | | | 39,950 | 0 | 39,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Real Property Value (Inflated) [5] | | | | | | 3.00% | 0 | 39,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative Value with Prop 13 Increases | | | | | | 102.00% | 0 | 39,950 | 40,749 | 41,564 | 42,395 | 43,243 | 44,108 | 44,990 | 45,890 |

Notes:

1. Estimate of unit values based on estimated price ranges provided by City staff. Values for very low and low-income units per KMA based on a conservative estimate of AV assuming deed restricted rental units. Not in 000s.
2. Assumed to be owned by a non-profit and exempt from property taxes.
3. Current assessed value per real quest determined using the APNs for each project identified by City staff. Projects where no AV could be determined using identified APNs are listed as NA. Current AV is generally attributed to the market rate component of each project. 2006-07 AV for Parc Place estimated based on value of 104 units sold in 2005 per Hanley Wood Market Report.
4. Affordable program not yet defined, for purposes of TI projections, conservatively assume very low income units.
5. Assumes home prices level off over the next three years and then grow at 3% per year thereafter.
6. Reflects additional AV from future residential component of mixed use project only. Value of commercial component assumed to be accounted for in the $19.4 Million assessed value on the existing tax rolls.

Source: City of Milpitas, Realquest

Prepared by Keyser Marston Associates, Inc.
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## V. IMPLEMENTATION PLAN

Per Section 33352(c) of the CRL, the Five-Year Implementation Plan included within this Report to the City Council must describe the specific goals and objectives of the Agency, specific projects proposed by the Agency, including a program of actions and expenditures proposed to be made during the five-year period, a description of how these projects will improve or alleviate the blighting conditions in the Project Area, and show how the requirements for low and moderate income housing in the community will be met. The initial (combined) Five-Year Implementation Plan for the Project Areas was originally adopted in 1994, for the five-year period from December 1994 through 1999. In 1999, the Agency adopted the second Five Year Implementation Plan for the Project Areas for the five-year period between 2000 – June 2005. In August 2006, the Agency adopted the third Five Year Implementation Plan for the Project Areas for the five-year period between July 2005 – June 2010. This third Five-Year Implementation Plan is the "current Implementation Plan" for 2005-2010 and is included within this Report as Appendix A.

The purposes of the proposed Amendments are to merge the Project Areas to revitalize the Project Areas through increased economic vitality of such areas and through increased and improved housing opportunities in or near such areas. The proposed Merger will help accomplish these objectives by, among other activities, enabling the installation along highway corridors of monument and digital message board signs in order to facilitate and increase the economic viability by increasing advertising opportunities for businesses located at the Great Mall Shopping Center and other businesses in the Merged Project Area. The specific goals and objectives, projects and programs, and proposed expenditures contained in the current Implementation Plan (Appendix A) will not change as a result of the adoption of the proposed Amendments.

The Agency intends to continue to implement the same projects and programs identified in the current Implementation Plan. Furthermore, the identified expenditures for the Project Areas will not change. Therefore, the current Implementation Plan will not be amended as a result of the Merger.

## VI. METHOD OR PLAN FOR RELOCATION

Section 33352(f) of the CRL requires that the Agency's Report to the City Council contain a "Method or Plan" for "the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which...shall include the provision required by Section 33411.1." Additionally, Section 33411 of the CRL requires the Agency to prepare a feasible "method or plan" for relocation of non-profit local community institutions to be temporarily or permanently displaced from facilities actually used for institutional purposes in the Project Areas.

Section 33411.1 requires the legislative body to ensure that "...such method or plan of the Agency...shall provide that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents comparable to those at the time of their displacement. Such housing units shall be suitable to the needs of such displaced persons or families and must be decent, safe, sanitary, and otherwise standard dwelling. The Agency shall not displace such person or family until such housing units are available and ready for occupancy."

The Reports to the City Council prepared at the time of initial adoption of the Project Areas included a Method or Plan for Relocation for each of the Project Areas. The Plan or Method of Relocation summarized below restates the Agency's previously adopted Plan or Method of Relocation for the proposed Merged Project Area. The following is not intended to be a "Relocation Plan" within the meaning of Section 6038 of the "Relocation Assistance and Real Property Acquisition Guidelines" promulgated by the California Department of Housing and Community Development (California Code of Regulations, Division 1 of Title 25, commonly called the "State Guidelines"). As described below, a Section 6038 Relocation Plan is not prepared until the Agency initiates negotiations for the acquisition of real property and prior to proceeding with any phase of a public improvement or facility project or other implementation activity that would result in any displacement other than an insignificant amount of non-residential displacement.

### A. AGENCY DISPLACEMENT

The Redevelopment Plan for Project No. 1 includes the authority to acquire non-residential property within the Midtown area by eminent domain through 2015. The Agency has no authority to use eminent domain in any other sub-area within Project Area No. 1, or in the Great Mall Redevelopment Project. Because the purpose of the Amendments is to merge the Project Areas, the proposed Amendments alone will not cause displacement and will not extend or expand eminent domain authority. If in the future, the Agency through agreements with owners, developers or others, causes occupants to be displaced, the Agency is required to ensure that relocation benefits will be provided in compliance with State and Federal laws. The Agency is not responsible for any displacement that may occur as a result of private development activities not directly assisted by the Agency under a disposition and development agreement, participation agreement, or other similar agreement.

## B. RELOCATION IN THE EVENT OF AGENCY DISPLACEMENT

Although no activities that would cause displacement are currently planned, displacement of businesses or tenants is a possibility under Agency programs and activities over the remaining life of the Redevelopment Plans. Should such displacement occur, the Agency will ensure that persons, families, business owners and tenants displaced by Agency activities are provided with monetary and advisory relocation assistance consistent with the California Relocation Assistance Law (State Government Code, Section 7260 *et seq.*), the State Guidelines adopted and promulgated pursuant thereto, the Federal Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Section 4601 *et. seq*.), appropriate Federal Guidelines, and the provisions of the Redevelopment Plans.

The following portions of this Method or Plan for Relocation outline the general relocation rules and procedures that must be adhered to by the Agency in activities requiring the relocation of persons and businesses. Also identified below are the Agency determinations and assurances that must be made prior to undertaking relocation activities. The Agency's functions in providing relocation assistance and benefits are also summarized.

## C. RULES AND REGULATIONS

The Agency has adopted rules and regulations that: (1) implement the requirements of California Relocation Assistance Law (Government Code, Chapter 16 of Division 7 of Title 1, commencing with Section 7260) (the "Act"); (2) are in accordance with the provisions of the State Guidelines; (3) meet the requirements of the California Community Redevelopment Law and the provisions of the Redevelopment Plans, and (4) are appropriate to the particular activities of the Agency and not inconsistent with the Act or the State Guidelines.

## D. AGENCY DETERMINATIONS AND ASSURANCES

1. The Agency may not proceed with any phase of a project or other activity that will result in the displacement of any person or business until it makes the following determinations:

    a. Fair and reasonable relocation payments will be provided to eligible persons as required by State and Federal law, the State Guidelines, Federal Guidelines, and Agency rules and regulations adopted pursuant thereto.

b. A relocation assistance advisory program offering the services described in the State Guidelines will be established.

c. Eligible persons will be adequately informed of the assistance, benefits, policies, practices and procedures, including grievance procedures, provided for in the State Guidelines.

d. Based upon recent survey and analysis of both the housing needs of persons who will be displaced and available replacement housing, and considering competing demands for that housing, comparable replacement dwellings will be available, or provided, if necessary, within a reasonable period of time prior to displacement sufficient in number, size and cost for the eligible persons who require them.

e. Adequate provisions have been made to provide orderly, timely and efficient relocation of eligible persons to comparable replacement housing available without regard to race, color, religion, sex, marital status, or national origin with minimum hardship to those affected.

f. A Relocation Plan meeting the requirements of State law and the State Guidelines has been prepared.

2. No person shall be displaced until the Agency has fulfilled the obligations imposed by State and Federal law, the California Community Redevelopment Law, the Redevelopment Plans, the State Guidelines and the Agency rules and regulations.

3. No persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents comparable to those at the time of their displacement. Such housing units shall be suitable to the needs of such displaced persons or families and must be decent, safe, sanitary and an otherwise standard dwelling. The Agency shall not displace such persons or families until such housing units are available and ready for occupancy.

4. If any portion of the proposed Merged Project Area is developed by the Agency with low or moderate income housing units, the Agency shall require by contract or other appropriate means that such housing be made available for rent or purchase to the persons and families of low and moderate income displaced by Agency activities. Such persons and families shall be given priority in renting or buying such housing; provided, however, that failure to give such priority shall not affect the validity of title to real property.

5. If suitable housing units are not sufficiently available in the community for low and moderate income persons and families to be displaced by the Agency from the proposed Merged Project Area, the City Council shall assure that sufficient land is made available for suitable housing for rental or purchase by low and moderate income persons and families. If suitable housing units are not sufficiently available in the proposed Merged Project Area for use by such persons and families of low and moderate income displaced by Agency activities within the proposed Merged Project Area, the Agency may, to the extent of that deficiency, direct or cause the development, rehabilitation, or construction of housing units elsewhere within the City.

6. Permanent housing facilities shall be made available within four years from the time occupants are displaced by the Agency, and pending the development of such facilities, there will be available to such displaced occupants adequate temporary housing facilities at rents comparable to those at the time of their displacement.

## E. RELOCATION ASSISTANCE ADVISORY PROGRAM AND ASSURANCE OF COMPARABLE REPLACEMENT HOUSING

The Agency shall implement a relocation assistance advisory program, which satisfies the requirements of the State law and Article 2 of the State Guidelines and the Civil Rights Act. Such program shall be administered so as to provide advisory services which offer maximum assistance to minimize the hardship of displacement and to ensure that (a) all persons and families displaced from their dwellings are relocated into housing meeting the criteria for comparable replacement housing contained in the State Guidelines, and (b) all persons displaced from their places of business are assisted in re-establishing with a minimum of delay and loss of earnings. No eligible person shall be required to move from his/her dwelling unit unless an adequate replacement dwelling unit is available to such person.

The following outlines the general functions of the Agency in providing relocation assistance advisory services. Nothing in this section is intended to permit the Agency to displace persons other than in a manner prescribed by law, the State Guidelines and the adopted Agency rules and regulations prescribing the Agency's relocation responsibilities.

## F. ADMINISTRATIVE ORGANIZATION

1. Responsible Entity

The Agency is responsible for providing relocation payments and assistance to site occupants (persons, families, business owners and tenants) displaced by the Agency from the Merged

Project Area, and the Agency will meet its relocation responsibilities through the use of its staff and consultants, supplemented by assistance from local realtors and civic organizations.

2. Functions

The Agency's staff and/or consultants will perform the following functions:

1. Prepare a Relocation Plan as soon as possible following the initiation of negotiations for acquisition of real property by the Agency and prior to proceeding with any phase of a public improvement or facility project or other implementation activity that will result in any displacement other than an insignificant amount of non-residential displacement. Such Relocation Plan shall conform to the requirements of the Section 6038 of the State Guidelines. The Agency shall interview all eligible persons, business concerns, including non-profit organizations, to obtain information upon which to plan for housing and other accommodations, as well as to provide counseling and assistance needs.

2. Provide such measures, facilities or services as needed in order to:

   a. Fully inform persons eligible for a parcel of land as to the availability of relocation benefits and assistance and the eligibility requirements therefor, as well as the procedures for obtaining such benefits and assistance, in accordance with the requirements of Section 6046 of the State Guidelines.

   b. Determine the extent of the need of each such eligible person for relocation assistance in accordance with the requirements of Federal laws and Section 6048 of the State Guidelines.

   c. Assure eligible persons that within a reasonable period of time prior to displacement there will be available comparable replacement housing meeting the criteria described in Section 6008(c) of the State Guidelines, sufficient in number and kind for and available to such eligible persons.

   d. Provide current and continuing information on the availability, prices and rentals of comparable sales and rental housing, and of comparable commercial properties and locations, and as to security deposits, closing costs, typical down payments, interest rates, and terms for residential property in the area.

   e. Assist each eligible person to complete applications for payments and benefits.

f. Assist each eligible, displaced person to obtain and move to a comparable replacement dwelling.

g. Assist each eligible person displaced from his/her business in obtaining and becoming established in a suitable replacement location.

h. Provide any services required to ensure that the relocation process does not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status or other arbitrary circumstances.

i. Supply to such eligible persons information concerning Federal and State housing programs, disaster loan and other programs administered by the Small Business Administration, and other Federal or State programs offering assistance to displaced persons.

j. Provide other advisory assistance to eligible persons in order to minimize their hardships. Such assistance may include counseling and referrals with regard to housing, financing, employment, training, health and welfare, as well as other assistance.

k. Inform all persons who are expected to be displaced about the eviction policies to be pursued in carrying out the Projects, which policies shall be in accordance with the provisions of Section 6058 of the State Guidelines.

l. Notify each individual tenant and owner-occupant to be displaced with at least 90 days written advance notice prior to requiring any such person to move from a dwelling or to move a business.

m. Coordinate the Agency's relocation assistance program with the project work necessitating the displacement and with other planned or proposed activities of other public entities in the community or other nearby areas which may affect the implementation of its relocation assistance program.

3. Information Program

The Agency shall establish and maintain an information program that provides for the following:

a. Within 15 days following the initiation of negotiations and not less than 90 days in advance of displacement, except for those situations described in subsection 6042(e) of the State Guidelines, the Agency shall prepare and distribute informational materials (in the language most easily understood by the recipients) to persons eligible for Agency relocation benefits and assistance.

b. Conducting personal interviews and maintaining personal contacts with occupants of the property to the maximum extent practicable.

c. Utilizing meetings, newsletters and other mechanisms, including local media available to all persons, for keeping occupants of the property informed on a continuing basis.

d. Providing each person written notification as soon as his/her eligibility status has been determined.

e. Explaining to persons interviewed the purpose of relocation needs survey, the nature of relocation payments and assistance to be made available, and encouraging them to visit the relocation office for information and assistance.

4. Relocation Record

The Agency shall prepare and maintain an accurate relocation record for each person to be displaced as required by the State of California.

5. Relocation Resources Survey

The Agency shall conduct a survey of available relocation resources in accordance with Section 6052 of the State Guidelines.

6. Relocation Payments

The Agency shall make relocation payments to or on behalf of eligible displaced persons in accordance with and to the extent required by State and Federal law, Article 3 of the State Guidelines and appropriate Federal Guidelines.

a) Temporary Moves

Temporary moves would be required only if adequate resources for permanent relocation sites are not available. Staff shall make every effort to assist the site occupant in obtaining permanent relocation resources prior to initiation of a temporary move, and then only after it is determined that Agency activities in the proposed Merged Project Area will be seriously impeded if such move is not performed.

b) Last Resort Housing

The Agency shall follow State law and the criteria and procedures set forth in Article 4 of the State Guidelines for assuring that if the Agency action results, or will result in displacement, and comparable replacement housing will not be available as needed, the Agency shall use its funds or other authorized funding for the Projects to provide such housing.

c) Eviction Policy

Eviction for cause is permissible only as a last resort and must conform to State and local law. If a person is evicted for cause on or after the effective date of a notice of displacement issued, displaced persons retain the right to the relocation payments and other assistance for which they may be eligible.

d) Grievance Procedures

The Agency may adopt grievance procedures to implement the provisions of the State law and Article 5 of the State Guidelines. The purpose of the grievance procedures is to provide Agency requirements for processing appeals from Agency determinations as to the eligibility for, and the amount of a relocation payment, and for processing appeals from persons aggrieved by the Agency's failure to refer them to comparable permanent or adequate temporary replacement housing. Potential displacees will be informed by the Agency of their right to appeal regarding relocation payment claims or other decisions made affecting their relocation.

e) Relocation Appeals Board

If and when a Relocation Appeals Board is needed, the Agency Board will function as the Relocation Appeals Board. The Agency Board shall hold a public hearing and make findings and recommendations regarding relocation appeals.

## VII. REPORT AND RECOMMENDATION OF THE PLANNING COMMISSION AND THE COMMUNITY REDEVELOPMENT & HOUSING COMMISSION

Section 33352(h) of the CRL requires that the Agency's Report to the City Council contain the report and recommendations of the Planning Commission on the proposed Amendments. Section 33352 (j) of the CRL requires that the Agency's Report to the City Council contain the report required by Section 65402 of the Government Code. Section 65402(c) states among other things, that no real property should be acquired by dedication or otherwise for public purposes, no real property shall be disposed of, no street shall be vacated or abandoned and no public building or structure shall be constructed or authorized until such activities have been submitted to and reported upon by the local planning agency as to conformity with the jurisdiction's adopted general plan.

On August 1, 2006, the Agency adopted Resolution No. RA 261, approving the draft Amendments and authorizing the Amendments to be transmitted to the Planning Commission of the City of Milpitas ("Planning Commission") for their report and recommendations (see Appendix B). On August 28, 2006, the Planning Commission of the City of Milpitas received the proposed Amendments (see Appendix B). The Planning Commission has 30 days within receiving the Amendments to make and file its report and recommendations with the Agency. On September 13, 2006, the Planning Commission adopted their report regarding the consistency of the proposed Amendments with the City's General Plan and recommended that the Agency and City Council adopt the proposed Amendments. The Planning Commission's report regarding the consistency of the proposed Amendments with the General Plan, and the recommendations on the proposed Amendments are included within this Report as Appendix C.

## VIII. COMMUNITY CONSULTATIONS

Section 33352(i) of the CRL requires that the Agency's Report to the City Council contain the summary referred to in Section 33387. Section 33387 of the CRL refers to the consultations with the PAC, if any.

There is no existing PAC for either of the existing Project Areas. On August 1, 2006, the City Council by Resolution No. 7613, found and determined that the proposed Amendments do not include a provision to grant additional authority to acquire by eminent domain or add territory to the existing Project Areas; therefore, a Project Area Committee was not required to be formed in connection with the proposed Amendments (Appendix D).

In lieu of a PAC, the Agency will consult with and obtained the advice of property owners, business owners, tenants, community organizations, and other interested parties at community information meetings to be held on October 18 and November 1, 2006. The October 18, 2006 meeting will be held at City Hall (First Floor Committee Room) and notice for this meeting was published in the *Milpitas Post* and posted on the City's website and at various City facilities including the Community Center, Senior Center, Public Library, Sports Center, and the Great Mall Police Station. Notice of the November 1, 2006 meeting will be mailed to all of the occupants and property owners within the Project Areas in conjunction with the notice on the joint public hearing on the Amendments adoption. The notice of the November 1, 2006 community information meeting and the joint public hearing on the Amendments will also be published on October 19 and 26, 2006, in the *Milpitas Post*. Copies of the meeting notices and a summary of the meetings will be included within a supplement to this Report prior to the adoption of the proposed Amendments. It is anticipated that the community information meetings will consist of a presentation including an overview of redevelopment in Milpitas, and the purposes of the proposed Amendments, followed by a comment, question and answer session. Copies of the Redevelopment Plans, proposed Amendments and map of the Project Areas will be available for review.

The Agency and the City Council will also consult and obtain the advice of property owners and occupants on the adoption of the Amendments at a joint public hearing scheduled for November 21, 2006. In addition to the mailing and publication noted above, notice of the joint public hearing will also be published on November 2, 9, and 16, 2006 for a total of five consecutive weeks.

## IX. ENVIRONMENTAL COMPLIANCE (SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT)

Section 33352 (k) of the CRL requires that the Agency's Report to the City Council contain the report required by Section 21151 of the Public Resources Code (environmental compliance document). The proposed Merger is intended to continue and improve the Agency abilities to implement economic development and housing opportunity improvement objectives established in the previously-adopted Redevelopment Plans. The growth-inducing (urban intensification) effects of the Redevelopment Plans for Project No. 1 and the Great Mall Project, and subsequent amendments, have been and will continue to be dictated by the City of Milpitas General Plan and associated zoning controls. The overall, growth-inducing effects and associated environmental impacts of the Redevelopment Plans and subsequent amendments have been adequately addressed in the previous Agency-certified Environmental Impact Reports and Agency-adopted Mitigated Negative Declarations.

Pursuant to Section 15163 (Supplement to an EIR of the CEQA Guidelines), a Supplemental Environmental Impact Report (SEIR) was prepared for the proposed Merger and included only the information necessary to make the previous CEQA documentation adequate for the Redevelopment Plans as amended. The overall growth-inducing effects of the proposed Merger and the merger-enabled sign improvements will, by law, continue to be dictated by the same General Plan and zoning controls, and will therefore fall within the growth scenarios addressed in the previous CEQA documents. The scope of the SEIR was limited to evaluation of the added impacts of new actions facilitated by the Merger, especially the potential impacts of the highway sign construction and renovation. The SEIR is included under a separate cover as an attachment to this Report and is incorporated herein by this reference.

The Notice of Preparation/Initial Study (included within the SEIR) identified the following issues as having no impacts as a result of the implementation of the proposed Amendments; therefore, no additional analysis within the SEIR was necessary:

- Agricultural Resources
- Mineral Resources
- Biological Resources
- Hydrology/Water Quality
- Public Services and Facilities
- Utilities
- Transportation/Traffic
- Cultural Resources
- Geology/Soils
- Hazards and Hazardous Materials
- Population and Housing
- Recreation
- Air Quality

Based upon the Notice of Preparation/Initial Study, the following issues have been identified as having potential environment impacts as a result of the implementation of the proposed Amendments; therefore, an analysis of these issues are included within the SEIR:

- Land Use and Planning
- Aesthetics
- Noise

All of the impacts associated with the issues listed above were determined not to have a significant impact as a result of the proposed Amendments, except for the following:

- Aesthetics (Visual Factors)

  **Potential Adverse Impact of Advertising Signs on Community Character and Image.** By design, the new and renovated or replaced advertising signs would be highly prominent in the freeway view. When viewed from most freeway vantage points, the signs would extend significantly above the existing urban plane and would be seen against the open sky, attracting the focus of freeway drivers in the sign vicinity. The height and form of the proposed advertising signs could be perceived by many viewers as visually incongruous elements, having a substantially negative effect on the freeway driving experience. The internal illumination and, especially, the nighttime illumination aspects of the proposed electronic message board components of the advertising signs would exacerbate this perceived effect. This combination of adverse visual effects would represent a significant adverse visual impact.

  **Potential Visual Intrusion Impacts on Nearby Residential and Hotel Uses.** The precise location of the proposed new freeway advertising signs has not yet been determined. If directly visible from adjacent or nearby visually-sensitive vantage points, including existing residential properties and hotel suites, the height, scale and form of the proposed new advertising signs proposed for location adjacent to the southbound I-680 approaches to Jacklin Road and Calaveras Boulevard and southbound I-880 approach to Calaveras Boulevard/Alviso-Milpitas Road/SR 237 could be perceived as visually outsized and obtrusive, with substantially adverse effects on the quality of these views. This effect could also be substantially exacerbated by the proposed internal illumination and, especially, nighttime illumination aspects of the proposed electronic message board components. This combination of adverse visual effects would represent a significant adverse visual impact.

- Land Use and Planning

  **Adverse Land Use Compatibility Impacts.** The proposed merger-enabled new advertising signs and renovated or replaced existing advertising signs may result in perceived height and scale incongruities and light and glare impacts that would be incompatible with existing residential and commercial lodging (hotel) land uses in the sign vicinities. These potential incompatibility effects, which are further described in the SEIR under Impacts 4-2 (Potential Height and Scale Incongruities with Existing Adjacent Landscapes), 4-3 (Potential Impacts on Views from Nearby Residential and Hotel Uses) and 4-4 (Potential Light and Glare Impacts), would represent a significant adverse land use compatibility impact.

A statement of overriding consideration will have to be prepared and adopted by the Agency and City Council for those unavoidable significant adverse impacts identified above.

On September 18, 2006, the Draft SEIR was circulated to the responsible entities for a 45-day review period beginning on September 19, 2006, and ending on November 2, 2006. A Notice of Availability of the SEIR was published in the *Milpitas Post* on September 19, 2006. All comments received on the Draft SEIR and the Agency's responses will be provided under a separate cover as part of the Final SEIR and will be presented to the Agency and City Council prior to the adoption of the proposed Amendments. The Agency proposes to approve the SEIR at the Joint Public Hearing on the proposed Merger, tentatively scheduled for November 21, 2006.

## X. NEIGHBORHOOD IMPACT REPORT AS WARRANTED BY THE PROPOSED AMENDMENTS

Section 33352(m) of the CRL requires that the Agency's Report to the City Council contain a neighborhood impact report if the redevelopment Project Areas contain low or moderate income housing. The purpose of the neighborhood impact report is to describe in detail the impact of the proposed actions upon the residents of the Project Areas and surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report is also to include: (a) the number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low and moderate income housing market as part of the redevelopment project; (b) the number of persons and families (households) of low or moderate income expected to be displaced by the project; (c) the general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413 of the CRL; (d) the number of dwelling units housing persons and families of low and moderate income planned for construction or rehabilitation, other than replacement housing; (e) the projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation, and (f) a projected timetable for meeting the relocation, rehabilitation and replacement housing objectives.

Neighborhood impact reports for each of the constituent Project Areas that comprise the Merged Project Area were included in the Reports to the City Council prepared for each of the Redevelopment Plans and amendments adding territory when they were initially adopted and are incorporated herein by reference. The following sections update, as warranted by the proposed Amendments, the neighborhood impact report for the proposed Merged Project Area.

### A. IMPACT ON RESIDENTS IN THE PROJECT AREAS AND SURROUNDING AREAS

#### 1. Relocation

As previously stated, the primary purpose of the proposed Amendments is to merge the Project Areas in order to revitalize the Project Areas through increased economic vitality of such areas and through increased and improved housing opportunities. The proposed Amendments will help accomplish these objectives through the installation of monument and digital message board and other signs in order to facilitate and increase economic viability by advertising public events and businesses located in the Great Mall Shopping Center and the Merged Project Area as a whole. The Redevelopment Plan for Project No. 1 includes the authority to acquire non-residential property within the Midtown area (only) by eminent domain through 2015. Because the purpose of the Amendments is to merge the Project Areas, the proposed Amendments alone will not cause relocation of residents and the proposed Amendments would not expand or extend the Agency's authority to use eminent domain. However, the proposed Merged Project Area contains residential dwelling units, a portion of which are assumed to be occupied by low or moderate income persons or families. Any displacement which may occur as a result of Agency redevelopment activities, will be mitigated by relocation assistance including financial payments, advisory assistance, and replacement housing plan provisions of State law relating to Agency assisted developments. These provisions are further described in the Agency's Method or Plan for Relocation, which is included in Section VI of this Report.

It is anticipated that existing non-residential, underutilized and vacant parcels will be selected as first development sites. However, from time to time throughout the remaining life of the Redevelopment Plans, residential displacement and relocation may occur in conjunction with voluntarily negotiated acquisitions. Displacement and relocation resulting from redevelopment activity are generally dependent upon the following factors:

- Market demand for various types of development;
- Availability of funds to finance redevelopment activities; and
- Agency's ability to meet applicable relocation and housing replacement requirements under the CRL for low and moderate income families.

Residents will not be displaced unless and until there is suitable replacement housing available for occupancy at rents or costs comparable to those paid at the time of displacement. The Agency will assist residents in finding housing that is decent, safe and sanitary and within their financial means, in reasonably convenient locations and otherwise suitable to their needs. As previously stated, any displacement which occurs as a result of Agency redevelopment activities will be mitigated by relocation assistance including financial payments, advisory assistance, and compliance with the replacement housing plan provisions of State law.

Additionally, it is possible that implementation of the proposed Amendments may require the temporary or permanent displacement and relocation of non-residential occupants within the proposed Merged Project Area. In every case, the Agency will diligently use its best efforts to attempt to find relocation sites meeting the required needs of the individual business displaced by the Agency activity as required by law. Furthermore, the Agency will work with property owners to provide every opportunity for them to participate in the rehabilitation or redevelopment of their own properties and/or other properties in the Merged Project Area. The Agency will also offer re-entry opportunities where feasible to existing business owners and tenants on a preference basis.

2. Traffic Circulation

As previously discussed in Section IX of this Report, a Supplement to the Environmental Impact Report was prepared. The scope of the SEIR was limited to evaluation of the added impacts of new actions facilitated by the proposed Merger, especially the potential impacts of the Merger-enabled highway sign construction and renovation. All other environmental impacts and issues were previously evaluated in the CEQA documents prepared for the Redevelopment Plans as listed in the SEIR. Impacts to traffic circulation were not identified as an environmental issue as a result of the implementation of the proposed Amendment, and therefore were not evaluated in the SEIR. The discussion related to traffic circulation in the previously prepared environmental documents for the Redevelopment Plans still remains applicable to the proposed Merged Project Area. Future redevelopment activities implemented within the proposed Merged Project Area could potentially result in adverse traffic impacts. However, through the City's development review process, future redevelopment activities implemented within the proposed Merged Project Area would be evaluated for potential traffic impacts. Where needed, mitigation measures, such as traffic improvements and traffic impact fees would be required to avoid or minimize potential traffic impacts.

3. Environmental Quality

The environmental impacts of the proposed Merger were analyzed in the Supplement to the EIR referenced and summarized in Section IX of this Report. The SEIR analyzed impacts on the following: aesthetics, noise, and land use and planning. Based upon the information contained within the SEIR, it was determined that of all the environmental impacts would have either a less than significant impact or no environmental impacts as a result of the proposed Amendments except for the following unavoidable significant adverse impacts:

- Potential adverse impact of advertising signs on community character and image;
- Potential visual intrusion impacts on nearby residential and hotel uses; and
- Potential adverse land use compatibility impacts.

A discussion of these unavoidable significant adverse impacts is summarized in Section IX of this Report and is included in more detail within the SEIR which is under a separate cover and incorporated herein by this reference.

4. Community Facilities and Services

No significant or potentially significant impacts as a result of the implementation of the proposed Amendments will occur to any of the community services or public utilities including fire protection, police protection, schools and parks.

Police/fire personnel, schools, libraries and parks provide a wide range of services that are affected by population increases. The proposed Amendments would assist in the installation of monument and digital message board signs along highway corridors in order to facilitate and increase the economic viability of the Great Mall Shopping Center and other businesses in the Merged Project Area, therefore, potentially increasing the Merged Project Area's commercial growth over existing conditions.  However, the anticipated environmental impacts of commercial growth is expected to be very minimal.  Furthermore, the implementation of mitigation measures set forth in the environmental documents initially prepared for the Redevelopment Plans along with individual project review by these community service agencies and development impact fees will provide adequate mitigation for community services that may be affected by such individual projects.

Both the Police Department and the Fire Department will be given the opportunity to review and comment on the design of any proposed redevelopment project within the proposed Merged Project Area that could affect public or fire safety.

5. School Population and Quality of Education

Public education services within the proposed Merged Project Area are provided by the Milpitas Unified School District, Berryessa Union School District, and the Eastside Union High School District.  No impacts are anticipated to the schools as a result of the Amendments' implementation beyond what was addressed in the previously prepared environmental compliance documents prepared for the Redevelopment Plans.

Approval of the proposed Amendments would not directly generate additional demands for school facilities/services over current levels of demand.  Future redevelopment activities implemented within the proposed Merged Project Area could generate additional demands for school facilities/services.  However, through the City's development review process, future redevelopment activities implemented within the proposed Merged Project Area would be evaluated to ensure that adequate school facilities are available.

6. Property Assessment and Taxes

The proposed Amendments will not cause the property taxes paid by owners to increase.  In general, taxable valuations of property within and adjoining the proposed Merged Project Area should increase as development or rehabilitation of that property occurs.  New development within the proposed Merged Project Area will be assessed at market value, as determined by the assessor.  Regardless of whether property is in the proposed Merged Project Area or not, the assessor may increase property valuations for existing properties at the maximum rate of two percent per year allowed under Proposition 13.  In cases where property changes hands, the assessor will reassess the added value to property and improvements due to any new development or rehabilitation which occurs.

## B. RELOCATION AND LOW AND MODERATE INCOME HOUSING

### 1. Housing Units to be Destroyed or Removed

It is not contemplated that implementation of the proposed Amendments will include Agency acquisition of property within the proposed Merged Project Area. The Agency has no authority to use eminent domain to acquire residential property and only has eminent domain authority over non-residential property in the Midtown area of Project No. 1. Therefore, any Agency acquisition of residential property would be by a voluntary sale. At this time, the Agency does not have any specific plans for the voluntary acquisition of any residential uses.

Should Agency acquisition by voluntary sale result in the removal of dwelling units occupied by person or families of low and moderate incomes, the Agency will be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of, low and moderate income dwelling units equal in number to those destroyed or removed. These "replacement housing units" must be constructed within four years of their destruction or removal, and must be available at affordable housing cost to, and occupied by, persons in the same or a lower income category (very low-, low or moderate) as the persons displaced from those destroyed or removed units. The units must remain affordable for the longest feasible time, but not less than 55-years for rental units and 45-years for owner-occupied units as set forth in the CRL Section 33334.3.

### 2. Projected Residential Displacement

As mentioned above, the Agency does not have any plans at this time that would involve the removal of low and moderate income housing units or displacement of low and moderate income residents. Should, in the future, such displacement be contemplated, the Agency will conduct individual household surveys to determine the exact number, type and location of comparable replacement housing units and the required number of referrals thereto prior to displacement of any person of low or moderate income. Section VI (Method and Plan for Relocation) of this Report provides an overview of the relocation process that must be undertaken by the Agency prior to displacing any person(s) or family(ies).

### 3. Number and Location of Replacement Housing Units

Because no units are being displaced or destroyed as a result of the adoption of the proposed Merger, no replacement housing is planned. However, should future Agency activity cause housing units to be destroyed or removed from the low and moderate income housing market, suitable replacement housing locations are available within the Project Areas or other areas of the City as identified in the City's General Plan as residential infill areas.

The City Council and the Agency will make findings as may be necessary to provide such replacement housing. When the Agency acquires property, enters into a disposition and development agreement, participation agreement or other agreement, or undertakes any other activities requiring or causing the destruction or removal of housing units from the low and moderate income housing market, the Agency will provide replacement housing as required pursuant to Section 33413 of the CRL and a replacement housing plan adopted pursuant to Section 33413.5.

4. Number and Location of Low and Moderate Income Housing Units Planned Other than Replacement Housing

The proposed Amendments will not alter the housing projections contained within the current Implementation Plan (Appendix A). The Agency plans to assist in the construction, rehabilitation and preservation of low and moderate income housing in the proposed Merged Project Area under its housing programs. These housing programs are described in the current Implementation Plan for the Project Areas. The current Implementation Plan estimated that 6,000 housing units will be developed in the proposed Merged Project Area between 2002 and 2015. Based upon an approximate average of 429 units per year, between 2007 and 2015, a total of 3,861 units will be built, of which 348 units will be made affordable to low and moderate income families and persons, and 232 housing units for very low-income persons and families. Most of these units would be built in the Midtown Specific Plan area of Project No. 1. Beyond 2015, and over the remaining life of the Redevelopment Plan (2015-2031) for Project Area No. 1, an additional 3,000 units are anticipated to be built within the Merged Project Area, of which 270 units will be made affordable for low and moderate income families and persons, and 180 housing units for very low-income families and persons.

5. Financing Method for Replacement Housing Requirements

Although the Merger will allow the Agency to spend tax increment in the Great Mall Redevelopment Project, the fundamental financing methods for the Projects will not change including financing for replacement housing. The Agency will employ, as necessary, the method outlined in this Report to meet replacement housing requirements and other obligations under the Community Redevelopment Law. As discussed in this Report, not less than 20 percent of all taxes which may be allocated to the Agency pursuant to Section 33670 of Article 4 of the CRL shall be used by the Agency for purposes of increasing, improving, preserving the supply of low and moderate income housing available at affordable housing cost to persons and families of low or moderate income and very low income households. This source of funding is expected to be utilized for replacement housing should the Agency be required to create such housing.

### 6. Timetable for Provision of Relocation Housing

Replacement housing will not be necessary as a result of the adoption of the proposed Amendments. However, if replacement housing were necessary, the Agency would provide replacement housing pursuant to Section 33413 of the CRL. This would include taking the necessary steps to cause the construction, rehabilitation or development of such housing in accordance with the time limits prescribed by law.

The relocation plan(s) prepared by the Agency for a particular development activity shall contain schedules to ensure comparable replacement housing is available in accordance with the requirements of the CRL and the State Relocation Guidelines.

## C. OTHER MATTERS AFFECTING THE PHYSICAL AND SOCIAL QUALITY OF THE ENVIRONMENT

Implementation of the proposed Amendments is necessary to continue implementing the Agency's redevelopment program. By assisting in the implementation of the Agency's activities, the Amendments will provide the Agency the flexibility to help to alleviate blight and will encourage economic growth and development within the proposed Merged Project Area, making the proposed Merged Project Area a more attractive area, which in turn should stimulate reinvestment.

## XI. SUMMARY OF CONSULTATIONS WITH AFFECTED TAXING AGENCIES

Pursuant to Section 33352(n) of the CRL, the Report to the City Council must include an analysis of the Fiscal Officer's Report and must include a summary of consultations of the Agency, or attempts to consult by the Agency, with each of the affected taxing agencies. If any of the affected taxing agencies have expressed written objections or concerns with the proposed Amendments as part of these consultations, the Agency shall include a response to these concerns, additional information, if any, and, at the discretion of the Agency, proposed or adopted mitigation measures.

### A. THE REPORT OF THE COUNTY FISCAL OFFICER AND ANALYSIS THEREOF

The proposed Amendments do not include adding territory to the Project Areas. Therefore, a fiscal officer's report prepared by the Santa Clara County Auditor-Controller's Office is not required as part of the adoption process for the proposed Amendments.

### B. SUMMARY OF CONSULTATION WITH AFFECTED TAXING ENTITIES

Section 33328 of the CRL requires the Agency, prior to the publication of a notice of the joint public hearing on the proposed Amendments, to consult with each affected taxing agency with respect to the Amendments' impact on the allocation of tax increment revenues.

On August 1, 2006, the Agency, by Resolution No. RA 261, approved the Preliminary Report and draft Amendments and authorized transmittal of the draft Amendments to the Planning Commission of the City of Milpitas, and authorized the transmittal of the Preliminary Report and proposed Amendments to all affected taxing entities (see Appendix B). Agency staff, on August 3, 2006, sent the proposed Amendments and Preliminary Report and related cover letter to all affected taxing entities as part of the consultation process for the proposed Amendments (see Appendix E for example letter and the proposed Amendments). The letter urged all affected taxing entities to contact the Agency regarding questions concerning the proposed Amendments. To date, the Agency has not received any inquires or comments from the affected taxing entities on the proposed Amendments.

Finally, in accordance with CRL Section 33349(d), on October 18, 2006, the Agency will send to all of the affected taxing entities a notice of joint public hearing, which is scheduled for November 21, 2006.

# APPENDIX A
# FIVE-YEAR IMPLEMENTATION PLAN
# (JULY 2005 – JUNE 2010)

# City of Milpitas Redevelopment Agency
# Proposed Five-Year Implementation Plan
# July 2005 – June 2010

# I. Introduction

## *A. Purpose and Requirements*

California Community Redevelopment Law requires redevelopment agencies to adopt an Implementation Plan every five years. The purpose of the Implementation Plan is to set goals and objectives that will guide efforts to eliminate blight over the next five years. The Implementation Plan also contains an affordable housing section to help the Redevelopment Agency monitor progress in meeting the community's affordable housing needs. The Implementation Plan identifies various projects and activities targeted for implementation over the five-year period. At the same time, the Plan allows the Agency flexibility in choosing which projects it will implement from those outlined in the Plan. To facilitate planning, the Implementation Plan also estimates the revenues and expenditures the Agency will incur over the five-year Implementation Plan period.

The City of Milpitas's Implementation Plan is for the years 2005-2006 thru 2009-2010. To meet Community Redevelopment Law, the Implementation Plan contains the following required information:

- The Agency's goals and objectives for the next five years;
- Program of activities, including potential projects, and estimated expenditures planned for the next five years;
- A description of how the activities, proposed projects, and expenditures will alleviate blight; and
- A description of the Agency's plans to implement its requirement to increase, improve and preserve affordable housing.

The Implementation Plan provides general guidance to the Agency, giving it flexibility to address specific issues of scope, timing, and expenditures. Given unpredictable market conditions, the implementation of the Agency's programs and activities to eliminate blight may vary over the five-year period.

## *B. Description of Project Areas*

The Redevelopment Agency administers activities for the Milpitas Project Area No. 1 and the Great Mall Redevelopment Project Area.

**Project Area No. 1**: Project Area No. 1 Area (see attached Exhibit A) is approximately 2,230 acres. The original Redevelopment Plan for the Project was adopted by Ordinance No. 192 on September 21, 1976 and consisted of approximately 577 acres (the "Original Project Area"). The Redevelopment Plan has been amended eight (8) times since the Project's adoption.

The first amendment adopted September 4, 1979 by Ordinance No. 192.1 added approximately 483 acres to the Original Project Area (the "Amendment Area No. 1"). The second amendment adopted May 4, 1982 by Ordinance No. 192.2 added approximately 479 acres to the Original Project Area ("Amendment Area No. 2"; collectively, the Original Project Area, Amendment Area No. 1 and Amendment Area No. 2 are referred to as the "Existing Project Area"). The third amendment, adopted on November 27, 1984 by Ordinance No. 192.3, made technical text changes and increased the tax increment limit. The fourth amendment, adopted on December 9, 1986 by Ordinance No. 192.4, amended the Agency's tax increment limit.

The fifth amendment, adopted on April 16, 1991 by Ordinance No. 192.6A, amended the low income housing set-aside to include bond proceeds and restated and reorganized the provisions of the low income housing set-aside. The sixth amendment, adopted on December 9, 1994 by Ordinance No. 192.9, amended the time limits in accordance with Assembly Bill 1290. The seventh amendment, adopted on October 15, 1996 by Ordinance No. 192.11, increased the tax increment limit, increased the bond debt limit, and extended the debt establishment time limit. The eighth amendment, adopted June 17, 2003 by Ordinance No. 192.14, included the following: 1) added area to the Existing Project Area ("Mid Town Added Area"; 691 acres); 2) increased the tax increment limit; 3) increased the bonded indebtedness limit; 4) established eminent domain in the Midtown Added Area for non-residential land uses; and 5) revised and updated various text provisions to conform to the requirements of the CRL. (See Map)

The eighth amendment enabled the Agency to improve its redevelopment activities and carry out its proposed projects so that it could eliminate the significant remaining blight within the existing and amended Project Areas. The current time and fiscal limits for Project Area No. 1 are outlined below and include the new tax increment and bonded indebtedness limit that were increased in 2003.

| Project Area | Plan Expiration | Last Date To Incur New Debt | Last Date to Repay Debt With Tax Increment | Tax Increment Limit | Limit on Total Tax Increment Bonded Indebtedness |
|---|---|---|---|---|---|
| **Project Area No. 1 (Original)** | September 21, 2017 | January 1, 2014 | September 21, 2027 | $2.4 billion for all Project No. 1 Areas | $498 million for all Project No. 1 Areas |
| **Amendment No. 1** | September 4, 2020 | January 1, 2014 | September 4, 2030 | | |
| **Amendment No. 2** | May 4, 2023 | January 1, 2014 | May 4, 2033 | | |
| **Midtown** | June 17, 2034 | June 17, 2023 | June 17, 2049 | | |
| **Great Mall** | November 2, 2008 | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

Updating the Redevelopment Plan enabled the Agency to more proactively participate in the revitalization of Project Area No. 1 in accordance with the Midtown Specific Plan and the Transit Study Area Concept Plan.

**Great Mall Project Area:**

The Great Mall Redevelopment Project Area (see attached Exhibit A) was adopted in 1993 and consists of 150 acres. The project area has been amended twice; the first amendment, adopted on December 6, 1994 by Ordinance No. 192.10, brought the Project Area into conformity with Community Redevelopment Law (CRL) amended by Assembly Bill 1290 (1993). The second amendment, adopted on October 16, 2001 by Ordinance No. 192.13, added 0.89 acres in two separate properties for the placement and maintenance of freeway signs for the Great Mall of the Bay Area.

The Agency does not receive tax increment revenue the Great Mall project area, but the Agency received sales tax revenues from the Great Mall project area during the last five years. Under an Owner Participation Agreement with Ford Land Development, the developer of the Great Mall, the Agency shared one-half of the sales tax revenues generated by sales at the Great Mall to reimburse Ford for the $8.5 Million in public improvements that benefit the Milpitas community. After Ford sold the Great Mall to the Swerdlow Group, in May 2000 the Agency issued the Great Mall of the Bay Area Sales Tax Revenue Bonds at a more favorable interest rate to pay off the developer.

## *C. 1999/2000 - 2004/05 Milpitas Redevelopment Agency Accomplishments*

Over the past several years the Agency successfully reduced blight in Project Area No. 1 (herein referred to as "Project Area" by undertaking various redevelopment activities. These activities included improvements to infrastructure, and public facilities in the Project Area. It also included efforts to improve the economic vitality of the Project Area and provide housing opportunities for low- and moderate-income residents.

### Project Area No. 1 Accomplishments

The Agency successfully completed a wide array of projects and activities in Project Area No. 1 over the last five years. This section describes the Agency's accomplishments in transportation, utilities and public infrastructure, open space and commercial rehabilitation.

#### TRANSPORTATION

Transportation efforts are focused on developing a transportation system integrated with the pattern of living, working and shopping areas to provide safe, convenient and efficient movement within the Project Area and to prevent the dispersal of employment and activities in the community. During the 1999/00 to 2004/05 timeframe, the Agency funded and implemented the following projects:

| Redevelopment Agency Projects | RDA Funding | Private or Other Public $ |
|---|---|---|
| • Street Projects – Reconstructed streets and medians within the Project Area for improved safety, provided analysis of lighting deficiencies and constructed trail and sidewalk safety upgrades. | $6,200,000 | $11,600,000 |
| • Interchange, Roadway Capacity and Widening Improvements | $9,300,000 | $12,600,000 |

#### UTILITIES AND PUBLIC INFRASTRUCTURE

The Agency has funded utility and public infrastructure projects in order to promote development of community facilities and utilities commensurate with the anticipated needs of the Project Area and to eliminate and prevent the spread of blighting influences including vacant and under-utilized land and deteriorating buildings, inadequate transportation, sewer, water and drainage and other physical and economic and environmental deficiencies. During the 1999/00 to 2004/05 timeframe, the Agency funded and implemented the following projects:

| Redevelopment Agency Projects | RDA Funding | Leveraging |
|---|---|---|
| • Storm Drain System Improvements – Funded storm drain system improvements and for the Storm Drain Master Plan, the Midtown Specific Plan and the public safety technology. | $1,000,000 | $2,900,000 |
| • Sewer & Water Projects – Funded the San Jose Parallel Forcemain, Pump Station site improvements and water well upgrades. | $8,600,000 | $15,000,000 |

| | | |
|---|---|---|
| • Midtown Improvements – street reconstructions, parking garage planning and other pre-development activities associated with the Midtown Specific Plan implementation | $1,600,000 | $500,000 |
| • Civic Center Improvements – project expenses with construction of the new Civic Center, garage and site improvements. | $43,200,000 | $2,800,000 |
| • Milpitas Sports Center (MSC) Upgrades and Site Renovations | $7,100,000 | $350,000 |
| • Senior Center Improvements | $1,480,000 | $735,000 |
| • City Gateway Identification Sign – construction of the entry sign at Tasman Drive. | $565,000 | 0 |
| • Telecommunications and Technology Improvements – creation of a fiber optic ring for public facilities and safety | $4,300,000 | $1,500,000 |
| • Milpitas Library – design of the new library and utility relocation | $1,600,000 | $400,000 |
| • Other Community Projects | $3,200,000 | $4,500,000 |

OPEN SPACE

Open space programs support redevelopment in the Project Area by developing adequate civic, recreational and cultural centers in locations for the best service to Project Area residents and employees in ways that will promote community beauty and growth and focus development in the Project Area. During the 1999/00 to 2004/05 timeframe, the Agency funded and implemented the following projects:

| Redevelopment Agency Projects | RDA Funding | Leveraging |
|---|---|---|
| • Parks Projects – most notably the Athletic Court reconstruction, path and picnic upgrades. | $277,000 | $583,000 |
| • Berryessa and Coyote Creeks Trail Improvements | $409,000 | $450,000 |

## 2. Link Between Programs and Blight Elimination

This section outlines how the Agency's programs and projects have helped to alleviate blight in the Project Area. Goals met included: eliminating environmental deficiencies; improving vehicular and pedestrian circulation; planning, designing and redeveloping underutilized areas; strengthening commercial functions; strengthening the economic base; providing adequate parking and open space; and establishing and implementing design performance criteria. Table A below summarizes the direct relationship each of these programs has on alleviating blighting conditions.

**Table A**

**Blighting Conditions Addressed by Completed Project**

| Project | Commercial and retail vacancies, business development | Incompatible building design | Graffiti, accumulated garbage, weeds and non-conforming uses and signs | Inadequate parking and traffic congestion | Deteriorating public improvements | Fractured land ownership and irregular parcelization | Environmental contamination | Inadequate open space |
|---|---|---|---|---|---|---|---|---|
| **Project Area No. 1 Project Area** | | | | | | | | |
| • Street Projects | ◆ | | | | ◆ | | | |
| • Interchange, Roadway Capacity and Widening Improvements | ◆ | | | ◆ | ◆ | | | |
| • Storm Drain System Improvements | ◆ | | | | ◆ | | | |
| • Sewer and Water Projects | ◆ | | | | ◆ | | | |
| • Midtown Improvements | ◆ | ◆ | | ◆ | ◆ | | ◆ | |
| • Civic Center Improvements | | | | | ◆ | | | |
| • Recreation Projects | | | | | ◆ | | | ◆ |
| • Senior Center Improvements | | | | | ◆ | | | |
| • City Gateway Identification Sign | ◆ | | | | | | | |
| • Telecommunications and Technology Improvements | | | | | ◆ | | | |
| • Milpitas Library | | | | | ◆ | | | |
| • Other Community Projects | ◆ | | | | ◆ | | | |
| • Parks Projects | | | | | ◆ | | | ◆ |
| • Berryessa and Coyote Creeks Trail Improvements | | | | | ◆ | | | ◆ |

# II. Five-Year Redevelopment Plan

This section outlines the Redevelopment Agency's goals and objectives and its proposed projects and activities and expenditures for the next five years, from July 2005 to June 2010. The projects and activities, as well as the expenditures are estimates of future activity and costs and are subject to change pending market opportunities and constraints. This section is divided into four major parts:

A. Five-Year Goals and Objectives –
   Outlines the Agency's goals & objectives over the next five years for Project Area No. 1 and the Great Mall Project Area.
B. Five-Year Implementation Plan Revenues –
   Describes the amount of funding expected to be available to implement the Agency programs and activities.
C. Five-Year Redevelopment Programs and Expenditures –
   Describes the proposed programs and activities the Agency plans to undertake and the estimated cost of those activities.
D. Link Between Programs and Blight Elimination –
   Explains how the Agency's goals, programs and objectives over the next five years will help to eliminate blight in the Project Area.

## *A. Five-Year Goals and Objectives*

The Five-Year Goals and Objectives establish a framework for the Redevelopment Agency's activities and programs from fiscal year 2005-06 thru 2009-10. The goals and objectives listed here are a continuation of those goals and objectives from the previous Implementation Plans, the adopted 2005-2010 Capital Improvement Program and include those additional goals and objectives adopted as part of the 2003 amendment. These goals and objectives will continue to serve as a guide to the Agency in its efforts to eliminate the physical and economic blighted conditions identified in the Project Area.

### Project Area No. 1 Goals and Objectives

Transportation:

- Develop a transportation system integrated with the pattern of living, working and shopping areas to provide safe, convenient and efficient movement within the Project Area and connections to the City.
- Direct special consideration toward the circulation needs of a modern, convenient central business district, including adequate off-street parking.
- Promote a traffic pattern to encourage industrial development and further the potential of industrial land.
- Prevent the dispersal of employment and activities in the community over a larger area causing dependence on greater travel and inconvenience to the citizens of the City of Milpitas and the persons employed by industries within the Project Area.

Utilities and Public Infrastructure:

- Promote community facilities and utilities commensurate with the anticipated needs of the residents and employees of the Project Area.
- Eliminate and prevent the spread of blighting influences including vacant and under-utilized land and deteriorating buildings, inadequate transportation, sewer, water and drainage, and other physical and economic and environmental deficiencies.
- Provide the framework and infrastructure for restoring economic health to the Project Area.

Open Space:

- Develop adequate civic, recreational, and cultural centers in locations for the best service to the residents and employees of the Project Area and in ways that will promote community beauty and growth.
- Preserve and enhance natural areas, which act in providing for clean air, water, and an unspoiled environment.
- Acquire and maintain open space sufficient to provide for parks and recreational facilities.
- Prevent the unnecessary or premature conversion of open space lands to urban uses that would be considered potentially hazardous for customary urban development.

Commercial Rehabilitation:

- Stimulate commercial and industrial development and the creation of employment opportunities.
- Encourage economic pursuits to strengthen and promote development through stability and balance.
- Replan, redesign, rehabilitate and redevelop areas that are stagnant or improperly utilized.
- Provide opportunities for participation by owners in the revitalization of their properties.
- Publicize the position of the Project Area as a place to carry on compatible industrial and reliable commercial activity, with special emphasis directed toward the advantages of the City's location to both industrial and commercial use.

Affordable Housing:

- Provide a variety of residential types consistent with CRL to serve the varying needs of individuals and families while retaining existing structural standards.

## MIDTOWN GOALS

The goals and objectives for Midtown Area are based upon the goals outlined in the Midtown Specific Plan as follows:

Land Use

- Encourage a compatible mixture of residential, retail, office, service-oriented commercial, public facilities and industrial uses.
- Provide for a significant component of new housing within the area in order to: improve the vitality of the area, address local and regional housing needs, and reinforce the use of transit.
- Promote an intensity of development in the area that is appropriate to its central location.
- Provide for a land use mix that supports major transit facilities.
- Provide for the mitigation of hazardous materials and the productive reuse of brownfields.

Community Design

- Create an attractive district that is uniquely "Milpitas."
- Establish a pedestrian-oriented, mixed-use district that is focused along Main Street.
- Provide urban open spaces (i.e., plazas, squares) that serve multiple purposes and can be used for special events.
- Improve the character of streets and public views.

Circulation

- Improve the viability of the pedestrian, bicycle and transit systems.
- Balance the need for traffic with livability and a pedestrian focus.
- Develop mass transportation facilities.

## Great Mall Project Area Goals and Objectives

The goals and objectives of the Great Mall Redevelopment Plan are as follows:

- The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including among others, faulty exterior spacing, obsolete and aged building types, building vacancies, uneconomic land uses and inadequate or deteriorated public improvements, facilities and utilities.
- The replanning, redesign, rehabilitation and development of areas which are stagnant or improperly utilized.

- The provision of opportunities for participation by owners in the revitalization of their properties.
- The strengthening of retail and other commercial functions in the Project Area.
- The strengthening of the economic base of the Project Area and the community by the installation of needed off-site improvements to stimulate new commercial expansion, employment and economic growth.
- The provision of adequate land for parking and open spaces.
- The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other redesign elements that provide unity and integrity to the entire Project Area.

## *B. Five-Year Implementation Plan Revenues and Expenses*

### *Total Agency Revenues:*

The City of Milpitas Redevelopment Agency will undertake a variety of programs and projects to alleviate blighted conditions and advance the Implementation Plan's goals and objectives over the next five years. It is anticipated that the Agency will receive $152 million in gross tax increment revenues over the five-year period. In addition to this, the Agency will receive interest income revenue for a total of $11 million. Total Agency revenues over the five-year period will be approximately $163 million.

**80% Program Revenues:**

After deducting Affordable Housing Funds and housing fund interest income, other taxing agencies pass-through payments, the debt service on the 2003 tax allocation bonds, and County payments required as part of the Elmwood land purchase and Agency operation costs, the Agency will need to utilize its fund reserves to cover anticipated expenditures and to supplement the bond proceeds in order to fund the adopted 2005-2010 Capital Improvement Program. At the end of the five years, the Agency will show a negative fund balance of approximately $1 million.

Table B describes the funds the Agency projects it will have available each year as well as the cumulative amount over the five-year Implementation Plan. The Agency will leverage these funds whenever possible with other resources from the City, state and federal government.

## C. Five-Year Redevelopment Programs and Expenditures

This section describes the programs and projects the Agency will undertake over the next five years and the expenditures expected for each of these activities. Programs and projects from 2005-06 through 2009-10 will include public infrastructure and utility projects, transportation improvements and public facility improvements. Available expenditures are based on present estimates of future tax-increment, 2003 Bond proceeds and other revenues over the five-year period.

To eliminate blighting conditions the Agency has identified the following programs and projects as part of the adopted 2005-2010 Capital Improvement Program. The programs and projects list includes an estimate of the cost to carry out the activity.

### Transportation

Transportation efforts are focused on developing a transportation system integrated with the pattern of living, working and shopping areas to provide safe, convenient and efficient movement within the Project Area and city and to prevent the dispersal of employment and activities in the community. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| BART Extension | Planning and Coordination for the BART Extension that will serve residents and businesses within both project areas. | $290,000 |
| Milpitas Boulevard Signal Interconnect | Provides more efficient traffic flow by connecting Milpitas Blvd traffic signals to the Calaveras/Milpitas Blvds traffic signal. | $175,000 |
| Light Rail Median Landscaping | Completes the landscape of the median that was originally part of the Light Rail construction. | $1,416,000 |
| North Milpitas Blvd. Soundwall | Renovates the soundwall between Jacklin Road and Escuela Parkway. | $150,000 |

### Utilities and Public Infrastructure

Utilities and public infrastructure efforts promote community facilities and utilities commensurate with the anticipated needs of Project Area residents and employees and eliminate and prevent the spread of blighting influences including vacant and under-utilized land and deteriorating buildings, inadequate transportation, sewer, water and drainage and other physical and economic and environmental deficiencies. Elimination of these problems will continue to encourage private development and investment in the Project Area. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| • Public Works Yard Improvements and Facility | Expands the parking facility, updates the security system, makes improvements that bring the facility into compliance with the Storm Water Pollution Prevention Program and provides an emergency vulnerability | $510,000 |

| | | |
|---|---|---|
| Studies | assessment of facilities. | |
| • In-ground Water Clarifiers | Provides compliance at the Fire Stations with the urban runoff program. | $150,000 |
| • Main Sewer Pump Station Site Improvements | This provides for the relocation of the Public Works Yard to accommodate the new Library on North Main Street. | $1,000,000 |
| • Oakcreek Pump Station | This provides for the necessary replacement of aged equipment at the Oakcreek Station per the Storm Drain Master Plan. | $800,000 |
| • Berryessa Pump Station Improvements | This provides for the necessary replacement of aged equipment at the Berryessa Station. This station serves neighborhoods within Project Area No. 1. | $1,415,000 |
| • Building & Facility Improvements | This provides for upgrades to a variety of public facilities to bring them into compliance with current code requirements. Aged equipment will also be replaced. | $354,000 |
| • Range Lead Containment | Adds environmentally safe containments systems at Range. | $210,000 |
| • Singley Area Phase 4 | Completes the reconstruction of street surface improvements in the Singley Area Study. | $558,000 |

## Open Space

Open space programs support redevelopment in the Project Area by developing adequate civic, recreational and cultural centers in locations for the best service to the residents and employees of the Project Area and in ways that will promote community beauty and growth and focus development in urbanized areas. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| • Milpitas Sports Center (MSC) Facility Improvements | Provides matching funds for facility upgrades to comply with FEMA requirements and reconfigures the parking lot and site for better traffic flow. | $1,827,000 |
| • Senior Center Relocation | Provides for the rehabilitation of the existing Library site to accommodate the new Senior Center. | $11,352,000 |
| • Community Center Improvements | Improvements that bring the facility into compliance with current code requirements. | $500,000 |

Commercial Rehabilitation: The adopted 2005-2010 Capital Improvement Program does not include activities for Commercial Rehabilitation.

## MIDTOWN ADDITIONAL GOALS

### LAND USE

Land use programs and projects encourage a compatible mixture of residential, retail, office, service-oriented commercial, public facilities and industrial uses, provides for a land use mix that supports major transit facilities and provides for the mitigation and the productive reuse of brownfield properties. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| • Milpitas Library | Reuses the historic Milpitas Grammar School to accommodate a new 60,000 square foot public library. This project is critical to the revitalization of the Midtown historic commercial core. | $35,000,000 |
| • North Main Street Utility Improvements | This provides for the design and construction of utility relocation work for the North Main Street development area. | $1,100,000 |
| • KB Home Infrastructure | This is part of the Agency's commitment towards with construction of infrastructure for the KB Home project. | $5,531,000 |

### COMMUNITY DESIGN

Community design programs and projects create an attractive district uniquely Milpitas, established pedestrian-oriented, mixed use district that is focused along Main Street and provides urban open spaces. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| • North Main Streetscape | This provides for the reconstruction of North Main Street consistent with the Midtown Specific Plan. | $5,150,000 |
| • N. Main St. EIR Mitigations | Provides for environmental mitigations required by the Main Street Development EIR. | $500,000 |
| • Transit Area Plan | This provides for planning service required for the Transit Area Specific Plan. | $723,000 |

### CIRCULATION

Circulation programs and projects improve the viability of pedestrian, bicycle and transit systems along with creating mass transportation facilities. For 2005-06 thru 2009-10, the Agency has identified the following projects:

| Project | Rationale | RDA Funding |
|---|---|---|
| • Abel Street Improvements | This provides for the design of the Abel Street reconstruction consistent with the Midtown Specific Plan. | $200,000 |
| • Midtown Parking Garage East | Provides for land acquisition, site improvements and construction of a 300-space public parking garage to serve the North Main Street developments consistent with the Midtown Specific Plan. | $9,765,000 |
| • Milpitas Communication Enhancements | This project will deploy communication cables and equipment to Abel Street and Curtis Avenue and will support future development needs. | $170,000 |
| • Calaveras RR | This project provides for sidewalk safety | $200,000 |

| | | |
|---|---|---|
| Overcrossing | improvements on the overpass. | |

## Table C
## Adopted Capital Improvement Program Expenditures by Year

| Utilities and Public Infrastructure | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | TOTAL |
|---|---|---|---|---|---|---|
| Public Works Yard Improvements & Studies | $60,000 | $0 | $450,000 | $0 | $0 | $510,000 |
| Building & Facility Improvements | $354,000 | $0 | $0 | $0 | $0 | $354,000 |
| In-ground Water Clarifiers | $0 | $0 | $150,000 | $0 | $0 | $150,000 |
| Main Sewer Pump Station Site Impts. | $1,000,000 | $0 | $0 | $0 | $0 | $1,000,000 |
| Oakcreek Pump Station | $0 | $0 | $0 | $800,000 | $0 | $800,00 |
| Berryessa Pump Station Improvements | $1,415,000 | $0 | $0 | $0 | $0 | $1,415,000 |
| Range Lead Containment System | $210,000 | $0 | $0 | $0 | $0 | $210,000 |
| Singley Area Phase 4 | $0 | $18,014 | $0 | $0 | $540,000 | $558,014 |
| | **$3,039,000** | **$18,014** | **$600,000** | **$800,000** | **$540,000** | **$4,997,014** |
| **Open Space** | | | | | | |
| MSC Facility Improvements | $577,000 | $1,250,000 | $0 | $0 | $0 | $1,827,000 |
| Senior Center Improvements | $2,375,000 | $0 | $0 | $8,700,000 | $0 | $11,075,000 |
| Community Center Improvements | $0 | $0 | $0 | $500,000 | $0 | $500,000 |
| | **$2,952,000** | **$1,250,000** | **$0** | **$9,200,000** | **$0** | **$13,402,000** |
| **Transportation** | | | | | | |
| Bart Extension Coordination and Planning | $35,000 | $85,000 | $85,000 | $85,000 | $0 | $290,000 |
| Milpitas Boulevard Signal Interconnect | $25,000 | $0 | $0 | $0 | $0 | $25,000 |
| Light Rail Median Landscaping | $0 | $0 | $0 | $0 | $1,416,000 | $1,416,000 |
| North Milpitas Blvd. Soundwall | $0 | $0 | $0 | $0 | $150,000 | $150,000 |
| | **$60,000** | **$85,000** | **$85,000** | **$85,000** | **$1,566,000** | **$1,881,000** |
| **Midtown Land Use** | | | | | | |
| North Main St. Utility Improvements | $1,100,000 | $0 | $0 | $0 | $0 | $1,100,000 |
| Library | $1,300,000 | $33,700,000 | $0 | $0 | $0 | $35,000,000 |
| KB Home Infrastructure | $0 | $5,531,000 | $0 | $0 | $0 | $5,531,000 |
| Transit Area Specific Plan | $723,000 | $0 | $0 | $0 | $0 | $723,000 |
| | **$2,400,000** | **$39,231,000** | **$0** | **$0** | **$0** | **$42,354,000** |
| **Midtown Community Design** | | | | | | |
| North Main St. Midtown Streetscape | $800,000 | $4,350,000 | $0 | $0 | $0 | $5,150,000 |
| North Main St. Development EIR Mitigations | $500,000 | $0 | $0 | $0 | $0 | $500,000 |
| | **$1,300,000** | **$4,350,000** | **$0** | **$0** | **$0** | **$5,650,000** |
| **Midtown Circulation** | | | | | | |
| Abel Street Midtown Improvements | $200,000 | $0 | $0 | $0 | $0 | $200,000 |
| Midtown Parking Garage East | $5,600,000 | $0 | $0 | $0 | $0 | $5,600,000 |
| East Garage Land Acquisition & Site Prep | $4,165,000 | $0 | $0 | $0 | $0 | $4,165,000 |
| Calaveras Overcrossing | $0 | $0 | $200,000 | $0 | $0 | $200,000 |
| Milpitas Communication Enhancements | $0 | $170,000 | $0 | $0 | $0 | $170,000 |
| | **$9,965,000** | **$170,000** | **$200,000** | **$0** | **$0** | **$10,335,000** |
| **Deleted Capital Projects** | | | | | | |
| West Garage (County to build) | ($1,000,000) | $0 | $0 | $0 | $0 | ($1,000,000) |
| Ball Park Fence & Main/Great Mall Sewer Interceptor | $0 | ($315,000) | $0 | $0 | $0 | ($315,000) |
| | **($1,000,000)** | **($315,000)** | **$0** | **$0** | **$0** | **($1,315,000)** |
| **TOTALS BY YEAR** | **$19,438,697** | **$44,789,014** | **$885,000** | **$10,085,000** | **$2,106,000** | **$77,303,711** |

## D. Link Between Programs and Blight Elimination

This section of the Implementation Plan outlines how the proposed programs and projects will help to alleviate blight in the Project Areas. The goals of the Redevelopment Plans include: eliminating environmental deficiencies; improving vehicular and pedestrian circulation; planning, designing and redeveloping underutilized areas; strengthening commercial functions; strengthening the economic base; providing adequate parking and open space; and establishing and implementing design performance criteria.

Despite the successful efforts of the Redevelopment Agency, blighted conditions remain in the Area. Following is a list of blighted conditions in the Project Area that need further redevelopment assistance:

- Commercial and retail vacancies
- Incompatible building design
- Graffiti, accumulated garbage, weeds, and non-conforming uses and signs
- Inadequate parking and traffic congestion
- Deteriorating public improvements and inadequate lighting
- Fractured land ownership and irregular land parcelization
- Environmental contamination
- Inadequate open space
- Residential overcrowding
- Deteriorating affordable housing stock

The proposed programs and projects in Section C above will advance the Agency's goals to eliminate blighting conditions in the Project Area as defined by CRL. Public infrastructure projects will improve the condition of deteriorating public infrastructure. Traffic and transportation improvements will help ameliorate circulation problems and increase economic activity. Investment in public facilities will make the facilities more attractive and safer and improve services to residents and businesses in the Project Area. Table D below summarizes the direct relationship each of these programs has on eliminating blighting conditions as defined by CRL.

## Table D
## Blighting Conditions Addressed by Proposed Projects

| Project | Commercial and retail vacancies, business development | Incompatible building design | Graffiti, accumulated garbage, weeds, and non-conforming uses and signs | Inadequate parking and traffic congestion | Deteriorated public improvements | Fractured land ownership and irregular land parcelization | Environmental contamination | Inadequate open space |
|---|---|---|---|---|---|---|---|---|
| Public Works Yard Improvements & Facility Studies | | | | | ◆ | | | |
| Building & Facility Improvements | | | | | ◆ | | ◆ | |
| In-Ground Water Clarifiers | | | | | ◆ | | | |
| Main Sewer Pump Station Site Improvements | | | | | ◆ | | | |
| Berryessa Pump Station Improvements | | | | | ◆ | | | |
| Range Lead Containment System | | | | | | | ◆ | |
| MSC Facility Improvements | | | | | ◆ | | | ◆ |
| Senior Center | | | | | ◆ | | | ◆ |
| Community Center | | | | | ◆ | | | ◆ |
| BART Extension Planning | ◆ | | | ◆ | | | | |
| Milpitas Blvd Signal | | | | ◆ | | | | |
| Light Rail Median Landscaping | | | | ◆ | | | | |
| North Milpitas Blvd. Soundwall | | | | | ◆ | | | |
| North Main Street Utility Improvements | ◆ | | | | ◆ | | | |
| Library | | | | | ◆ | | | ◆ |
| N. Main St. Streetscape | ◆ | | | | ◆ | | | |
| N. Main St. EIR Mitigations | | | | | | | ◆ | |
| Able Street Improvements | ◆ | | | ◆ | ◆ | | | |
| Midtown Parking Garage East | ◆ | | | ◆ | | | | |
| KB Home Infrastructure | | | | | ◆ | | | |
| Calaveras O/C | | | | | ◆ | | | |
| Singley Phase 4 | | | | | ◆ | | | |

# III. Affordable Housing Plan

## A. 1999-2005 Housing Accomplishments

The Agency successfully assisted several affordable housing projects and activities in the Project Areas as well as outside the Project Areas as allowed by Redevelopment Law. The housing accomplishments listed in this section describe the completion of several housing developments that provide affordable housing in accordance with CRL.

The next section separately describes housing projects the Agency is involved in that will be completed during the 2005-10 timeframe.

| Redevelopment Agency Projects | RDA Funding | Leveraging |
|---|---|---|
| • Construction completed at **Montevista Apartments**.<br>• Total units in project: 306. Total affordable: 266 units. Project opened in 2000 – 01.<br>• Very Low Income (VL): 57 units; Low Income (L): 56 units; Moderate Income (Mod): 153 units. | $3,000,000 | |
| • Construction completed on new single-family homes at **Summerfield Homes**.<br>• Total units: 110. Project opened in 2000 – 01.<br>• VL: 22 units. | $3,000,000 | |
| • Construction completed on new rental affordable housing units at **The Crossing Apartments at Montague**.<br>• Total units in project: 468. Project opened in 2001 – 02.<br>• VL: 94 units. | $3,742,578 | |
| • Construction completed at **Parc West Apartments** .<br>• Total units in project: 68. Total affordable: 68 units. Project opened in 2002 – 03.<br>• L: 35 units; Mod: 33 units. | $1,000,000 | |
| • Construction completed on new condominiums units for first time homebuyers at **Parc Metropolitan.**<br>• Total units in project: 382. Total affordable: 28 units. Project opened in 2002 – 03.<br>• L: 10 units; Mod: 18 units. | $792,587 | |
| • Contributed $500,000 to the **Housing Trust Fund** of Santa Clara County to be used for affordable housing in Milpitas. Mid-Peninsula Housing Coalition has applied for this allocation for the DeVries Place project. | $500,000 | |

## B. Five-Year Goals and Objectives

The Agency continues to actively promote and subsidize affordable housing both within and outside the Redevelopment Project Area. Two main goals have been identified to address housing needs in Milpitas:

- Expand Affordable Housing Opportunities
- Preserve Existing Affordable Housing Stock

In order to support the housing goals, the Agency uses its own funds that are often leveraged with other local funds such as Community Development Block Grant, as well as state and federal programs and private resources.

## C. Five-Year Housing Revenues

The Agency had a balance of $20.8 million available for projects at the start of the 2005/06. Over the next five years it is estimated that revenues consisting of new tax increment ($30 million) and program income from interest and loan repayments ($3.0 million) will generate about $33 million. Bond payments and administration costs will total about $6.4 million over the five years, leaving a net of nearly $26.6 million directly for new and approved housing programs and projects.

The Agency has several projects identified for the first three years of the Implementation Plan period. Table E below illustrates that once these approved projects are funded, the Agency will still have $17.8 million available for new projects and programs.

**Table E**

**Projected Housing Projects and Expenditures by Year**

| | Fund Balance 2005 | Fiscal Year 2005-2006 | Fiscal Year 2006-2007 | Fiscal Year 2007-2008 | Fiscal Year 2008-2009 | Fiscal Year 2009-2010 | Total |
|---|---|---|---|---|---|---|---|
| Tax Increment | $20,864,000 | $5,496,000 | $5,825,000 | $6,116,000 | $6,361,000 | $6,616,000 | $51,278,000 |
| Program Income | | $542,000 | $636,000 | $418,000 | $538,000 | $739,000 | $2,873,000 |
| **TOTAL** | **$20,864,000** | **$6,038,000** | **$6,461,000** | **$6,534,000** | **$6,899,000** | **$7,355,000** | **$54,151,000** |
| Less Debt Service/ Admin | | $1,238,000 | $1,284,000 | $1,288,000 | $1,292,000 | $1,321,000 | $6,423,000 |
| Less Approved Housing Set Aside Projects | | $4,841,000 | $20,770,000 | $4,250,000 | $0 | $0 | $29,861,000 |
| **Net Housing Program Funds Available** | **$20,864,000** | **($41,000)** | **($15,593,000)** | **$997,000** | **$5,608,000** | **$6,033,000** | **$17,868,000** |

## D. Housing Needs/Targeting of Funds

According to the 2000 Census, almost a quarter of Milpitas residents pay more than 35% of their household income toward housing, which is considered overpaying by census definition. This is a characteristic of the regional housing market in the San Francisco Bay Area that Milpitas shares with neighboring cities. The Association of Bay Area Governments (ABAG) periodically determines the need for new housing units for the region and devises an allocation for each jurisdiction to plan its fair share. The current ABAG needs allocation for the City of Milpitas and its percentage by affordable income level is shown in chart below.

ABAG Regional Housing Need Allocation

| | | |
|---|---|---|
| Very Low Income | 698 | 32% |
| Low Income | 351 | 16% |
| Moderate Income | 1,146 | 52% |
| Total | 2,195 | 100% |

A recent amendment to California Redevelopment Law requires that expenditure of Redevelopment Housing funds have specific targets for assistance to very low and low income households as well as age restricted housing. These targets are to be assessed over 10 year planning periods. The first planning period has been adjusted to comply with the date the law was enacted, so it will be from January 2002 to December 2014.

The new law requires that the amount of housing funds targeted to very low and low income households be at least the same proportion as the ABAG needs allocation for those income groups for each 10 year planning period. Accordingly Milpitas should spend at least 48% of its Housing Set-Aside funds for very low and low-income households.

In the prior 5-year implementation plan period, Milpitas spent over $11 million of its funds to assist these income groups. Redevelopment funds were used to provide fee waivers or grants to developers or committed for down payment assistance to low and moderate-income residents in six housing developments - Parc Metro, Parc Place, Parc West and Montevista Apartments, Summerfield Homes and the Crossing Apartments at Montague. This demonstrates significant progress toward the minimum requirement for the entire planning period.

CRL includes an age component to housing assistance targeting. The Agency is required to spend set-aside funds for housing with no age restrictions in the same proportion that the number of households with a member under age 65 bears to the total low income population. Milpitas has 2,790 low-income households of which 25% or 706 are senior households. During the last five years, the Agency has not expended funds for senior assisted housing. Over the next 10 years, the Agency will likely have $52,000,000 to spend on affordable housing of which $13,000,000 can be spent on senior housing. Much of this commitment will be achieved with the Agency's $9.6 million commitment to Mid-Peninsula Housing Coalition for the senior project at the DeVries site.

Table F shows the anticipated expenditures for the planning period January 2002 to December 2014 and Milpitas's progress to date on targeting requirements.

## Table F

### Redevelopment Housing Setaside Targeting 1/02-12/14
### Estimated Funds Available: $ 52,000,000

| | Number | Percent | Targeting Requirement | Target Amount | 1/02-12/05 Expenditures | Unit Total | Housing Program/ Project |
|---|---|---|---|---|---|---|---|
| **HH Income Targeting** | Households (HH) | | | | | | |
| Very Low HH | 2,790 | 100% | | | | | |
| Seniors HH (65+ years) | 706 | 25% | Max. Expense | $13,000,000 | $0 | | |
| **HH Income Targeting** ABAG RHNA 1999-2006 | Units | | | | | | |
| Very Low Income | 698 | 32% | Min. Expense | $16,640,000 | $6,171,578 | 224 | Parc Place, The Crossings and Montevista Apartments |
| Low Income | 351 | 16% | | $8,320,000 | $5,135,587 | 147 | Parc Metro, Summerfield Homes, Parc Place, Parc West and Montevista Apartments |
| Moderate Income | 1,146 | 52% | | $27,040,000 | $4,227,000 | 206 | Parc Metro, Parc Place and Montevista Apartments |
| Total | 2,195 | 100% | | $52,000,000 | $15,534,165 | 577 | |

## *E. Five-Year Housing Programs*

Milpitas has several ongoing housing programs with funding proposed from the Housing Set Aside funds over the next five years. These projects are identified under Developer Assistance. The Agency also has funds for new projects not yet identified. Typically Housing Set Aside funds have been earmarked for a project in response to a developer inquiry. Since the 20% funds projection at the end of the five-year period is significant, the Agency can be more proactive in soliciting affordable housing development proposals. Table G summarizes anticipated expenditure by year of the following programs and projects.

### Low and Moderate Income Housing Rehabilitation Program

Preservation of existing housing stock can be more cost effective than creating new affordable housing. The Housing Rehabilitation program provides low interest loans to very low and low-income homeowners to repair code and safety items and upgrade construction deficiencies.

Funding for this program will be $800,000 for the next five years, which will assist approximately 15 dwelling units.

Down Payment Assistance and Developer Assistance:

City of Milpitas will provide approximately $26.9 million to assist very low, low and moderate-income households as part of the projects identified below. A total 357 affordable housing units will be provided over the five-year time period. Once constructed, all affordable housing units will have long-term affordability restriction agreements to remain part of the Milpitas overall housing stock.

The Agency actively participates in the expansion of affordable housing by providing direct assistance to developers for the development of affordable housing both inside and outside the Project Areas. The Agency also provides Silent 2nds to assist the buyers of the affordable units. The projects below described Agency approved and subsidized projects that will be constructed during the Implementation Plan period.

| | | |
|---|---|---|
| • Construction nearly completed at **Parc Place** for new condominium units.<br>• Total units in project: 285. Total affordable: 58 units.<br>• VL: 18 units; L: 6 units: Mod: 34 units. | $3,291,030 | |
| • Committed funding for new condominiums units for first time homebuyers at **Apton Plaza**.<br>• Total units in project: 93. Total affordable: 19.Very Low (VL): 9 units; Moderate (Mod): 10 units. | $1,230,560 | |
| • Committed funding for **Centria** Condominiums for first time homebuyers.<br>• Total units in project: 464. Total affordable: 93.<br>• VL: 22 units; Low (L): 4 units; Mod: 67 units. | $1,139,560 | |
| • Committed funding for the **Town Center Condominiums** for first time homebuyers. The Agency also funded the rehabilitation of 4 off-site units for very low-income residents.<br>• Total project units: 69. Total affordable: 20. VL: 4 units; Mod: 16 units. | $1,000,000 | |
| • Committed funding for the **DeVries Place** Senior Housing in partnership with Mid-Peninsula Housing Coalition to construct and operate the project. The project also includes one moderate income Manager unit.<br>• Total units in project: 102. Total affordable: 102. VL: 101 units; Mod: 1 unit. | $9,600,000 | $17,000,000 (Mid-Pen)<br>$5,000,000 (KB)<br>$1,000,000 (County) |
| • Approved funding for the rehabilitation of 4 existing rental units on **Edsel and Shirley Drive** with long-term affordability restriction agreements.<br>• Total units in project: 4. Total affordable: 4. This project outside RDA boundaries and the Agency only receives credit for one-half of the units. | $200,000 | |

| | | |
|---|---|---|
| • Approved additional funding of $150,000 to the **Housing Trust Fund** of Santa Clara County to be used for affordable housing in Milpitas. Mid-Peninsula Housing Coalition has applied for this allocation for the DeVries Place project. | $150,000 | Included in DeVries Place Senior Housing |
| • Approved the Development Agreement with **KB Home** for 683-units that will include 110 affordable housing units for moderate-income households (11 single family; 14 town homes; 85 apartments).<br>• Total units in project: 683. Total affordable: 110. | Estimated $13,000,000 | |

## Other Potential Projects

In addition to the funds described above, by the end of the Implementation Period the Agency will have nearly $16 million over the five-year planning period to use for new affordable housing projects. These will be targeted towards family housing projects with priority towards very low and low-income households. Based on recent project development costs, it is estimated that nearly 500 new units could be produced with these funds. There are a number of ways that new projects may be assisted:

### Site Acquisition

Acquisition of land and/or potential rehabilitation of underutilized residential parcels both inside and outside the Project Area.

For example, **Senior Housing Solutions**: The Agency is considering a total of $350,000 to financially assist Senior Housing Solutions on the acquisition of a single-family home. This home will accommodate 5 very low-income seniors. Other funding sources will be used for the rehabilitation of the structure. This project is outside a redevelopment project area; therefore the Agency only receives credit for one-half the units.

### Mixed-Use Development

Utilizing sites to develop mixed-use developments that include an affordable housing component.

### Santa Clara County Housing Trust Fund

The Agency contributes to this countywide housing fund for additional projects in Milpitas. An additional $150,000 was approved in March 2006 to be used for affordable housing in Milpitas.

**Table G**

**Projected Use of Housing Set Aside Funds: 2005-2010**

| Program/Type | Funding/Affordable Units By Year | | | | | |
|---|---|---|---|---|---|---|
| | **2005** | **2006** | **2007** | **2008** | **2009** | **Total** |
| **New Construction** | | | | | | |
| New Projects Approved | $6.5M | $4.6M | $11.1 | $9.6M | $4.3M | $36.1M |
| Very Low Income Units | 3 | 18 | 133 | 0 | 60 | 214 |
| Low Income Units | | 6 | 4 | 0 | 42 | 52 |
| Moderate Income Units | | 34 | 77 | 126 | 68 | 305 |
| **Rehabilitation** | | | | | | |
| Housing Rehabilitation Program | $0 | $200,000 | $200,000 | $200,000 | $200,000 | $800,000 |
| Very Low Income Units | 0 | 4 | 4 | 2 | 2 | 12 |
| Low Income Units | 0 | 0 | 0 | 2 | 1 | 3 |
| Moderate Income Units | 0 | 0 | 0 | 0 | 0 | 0 |
| **Totals Funds** | $6.5M | $4.8M | $11.3M | $9.8M | $4.4M | $36.9M |
| Very Low Income Units | 3 | 22 | 137 | 2 | 62 | 226 |
| Low Income Units | | 6 | 4 | 2 | 43 | 55 |
| Moderate Income Units | | 34 | 77 | 126 | 68 | 305 |
| **Total Units** | 3 | 62 | 218 | 130 | 173 | 586 |

## *F. Replacement Housing*

Whenever dwelling units that house low or moderate-income households are demolished as part of an Agency assisted project, an equal amount of units must be returned to the housing stock by construction or rehabilitation within four years. At this time it is not anticipated that residential units will be demolished as part of Agency activities. In the event this should occur, the Agency will fulfill its obligation to replace those units within four years.

## *G. Project Area Inclusionary Requirements*

Within the Redevelopment Project Area, the Agency must ensure that 15% of all newly constructed or substantially rehabilitated dwelling units that are developed by private developers or public agencies other that the Redevelopment Agency are restricted to low and moderate-income households at an affordable housing cost, and that 40% of the 15% are restricted for occupancy by very low income households at an affordable housing cost. This must be evaluated every 5 years to ensure that the requirements are met every 10 years. From the inception of the Milpitas Redevelopment Agency until the beginning of this planning period, those requirements have been met. A total of 3,687 residential units have been constructed in the project areas and a total of 727 are affordable. Of those 727 units, 374 are affordable to very low-income households, and 353 are affordable to low or moderate income households.

The Milpitas Agency has exceeded the requirement to provide affordable housing in by nearly 32%. In particular, the Agency has exceeded the requirement to provide affordable units to very low-income residents by 29%.

For units built or rehabilitated by the Agency, 30% must be available at affordable housing costs to Low and Moderate income households of which one-half must be available at affordable housing costs to Very Low Income Households. The Agency has not built or rehabilitated any housing projects directly during the last five years.

As each project is developed within the Redevelopment Project Area, the Agency requires an agreement to ensure the affordability requirements are met. The Agency will continue this practice during the implementation plan period. As a result of the Midtown Specific Plan and the Transit Study Area, it is estimated that another 6,000 units may be constructed in the redevelopment areas over the next 10 years, which would produce at least 360 very low-income units and 540 low or moderate-income units from 2005-2015.

Beyond that, for the life of the Redevelopment Agency it is estimated that another 3,000 units will be constructed from 2015-2033. This would generate another 180 very low-income units and 270 low or moderate-income units. The historical and future estimates of housing production, including affordable units, in the project areas are shown below.

**Table F**
**Housing Production in Redevelopment Areas**

| 1981-2002 By Year | Total Units Constructed | Inclusionary Requirement Very Low 6% | Low/Mod 9% | Total 15% | Affordable Units Completed Very Low | Low/Mod | Total |
|---|---|---|---|---|---|---|---|
| 1988 | 150 | 150 | 0 | 150 | 150 | 0 | 150 |
| 1988 | 375 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1990-1991 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1992 | 114 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1993-1999 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2000 | 416 | 76 | 344 | 420 | 0 | 0 | 0 |
| 2001 | 468 | 47 | 0 | 47 | 123 | 344 | 467 |
| Total | 1,523 | 273 | 344 | 617 | 273 | 344 | 617 |
| | | | | Actual Percent: | 18% | 23% | 40% |
| **Years** | **Future Est. Units** | **Very Low 6%** | **Low/Mod 9%** | **Total 15%** | | | |
| Implementation Plan Period: | | | | | | | |
| 2002-2015 | 6,000 | 360 | 540 | 900 | | | |
| Remainder Life of Agency: | | | | | | | |
| 2015-2031 | 3,000 | 180 | 270 | 450 | | | |
| Total Est. 2002-31 | 9,000 | 540 | 810 | 1,350 | | | |

# APPENDIX B
# AGENCY RESOLUTION APPROVING THE PRELIMINARY REPORT AND PROPOSED AMENDMENTS

**RESOLUTION NO. RA261**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS APPROVING THE PRELIMINARY REPORT ON THE PROPOSED MERGER OF REDEVELOPMENT PROJECT AREA NO. 1, AND THE GREAT MALL PROJECT AREA; AUTHORIZING TRANSMITTAL OF THE REPORT TO AFFECTED TAXING ENTITIES; APPROVING PROPOSED REDEVELOPMENT PLAN AMENDMENTS TO THE REDEVELOPMENT PLANS FOR PROJECT AREA NO. 1, AND THE GREAT MALL PROJECT AREA; AND AUTHORIZING TRANSMITTAL OF THE PROPOSED PLAN AMENDMENTS TO THE PLANNING COMMISSION**

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Milpitas Redevelopment Project Area No. 1 ("Project Area No. 1") by Ordinance No. 192 on September 21, 1976 (as subsequently amended, hereafter the "Project Area No. 1 Plan"); and

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Great Mall Redevelopment Project Area (the "Great Mall Project Area") by Ordinance No. 192.8 adopted on November 2, 1993 (as subsequently amended, hereafter the "Great Mall Plan"); and

**WHEREAS**, pursuant to Health and Safety Code Section 33344.5, Milpitas Redevelopment Agency ("Agency") staff and consultants have prepared a Preliminary Report (the "Preliminary Report") which describes and analyzes economic conditions in Project Area No. 1 and the Great Mall Project Area, the financial resources and projected revenue available to carry out redevelopment activities in the project areas, and the proposed merger of the project areas and amendment of the redevelopment plans; and

**WHEREAS**, Agency staff and consultants have prepared proposed plan amendments that would effectuate a merger of Project Area No. 1 and the Great Mall Project Area (the "Plan Amendments"); and

**WHEREAS**, pursuant to Health and Safety Code Section 33346, the Agency is required to transmit the proposed Plan Amendments to the Planning Commission for review of consistency with the General Plan; and

**WHEREAS**, pursuant to Health and Safety Code Section 33344.5, the Agency is required to transmit the Preliminary Report and the proposed Plan Amendments to affected taxing entities.

**NOW, THEREFORE, BE IT RESOLVED** by the Redevelopment Agency of the City of Milpitas as follows:

Section 1. The Agency approves the Preliminary Report in the form on file with the City Clerk and authorizes transmittal of the Preliminary Report to affected taxing entities.

Section 2. The Agency approves the proposed Plan Amendments in the form on file with the City Clerk and authorizes transmittal of the proposed Plan Amendments to affected taxing entities and the Planning Commission.

PASSED AND ADOPTED this 1ST day of August 2006, by the following vote:

AYES: (5) Chair Esteves, Vice Chair Gomez and Agency Members Giordano, Livengood and Polanski

NOES: (0) None

ABSENT: (0) None

ABSTAIN: (0) None

ATTEST:

Mary Lavelle

Mary Lavelle, Agency Secretary

APPROVED:

José S. Esteves, Chair

APPROVED AS TO FORM:

Steven T. Mattas, Agency Counsel

## ELEVENTH AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE MILPITAS REDEVELOPMENT PROJECT AREA NO. 1

### BACKGROUND

The Milpitas Redevelopment Project Area No. 1 ("Project No. 1") contains approximately 2,230 acres or 94 percent of the proposed Merged Project Area. The original Redevelopment Plan for Project No. 1 was adopted by the City Council by Ordinance No. 192 on September 21, 1976, and consisted of approximately 577 acres located in the central portion of the City ("Original Project Area"). Since the original adoption of Project No. 1, the Redevelopment Plan has been amended nine (9) times.

The first amendment adopted September 4, 1979, by Ordinance No. 192.1 added approximately 483 acres to the Original Project Area. The second amendment adopted May 4, 1982, by Ordinance No. 192.2 added approximately 479 acres to the Original Project Area. The third amendment, adopted on November 27, 1984, by Ordinance No. 192.3, made technical text changes and increased the tax increment limit. The fourth amendment, adopted on December 9, 1986, by Ordinance No. 192.4, amended the Agency's tax increment limit.

The fifth amendment, adopted on April 16, 1991, by Ordinance No. 192.6A, amended the low income housing set-aside to include bond proceeds and restated and reorganized the provisions of the low income housing set-aside. The sixth amendment, adopted on December 9, 1994, by Ordinance No. 192.9, amended the time limits in accordance with Assembly Bill 1290. The seventh amendment, adopted on October 15, 1996, by Ordinance No. 192.11, increased the tax increment limit, increased the bond debt limit, and extended the debt establishment time limit. The eighth amendment, adopted June 17, 2003, by Ordinance No. 192.14, included the following: 1) added area (691 acres) to the Original Project Area; 2) increased the tax increment limit; 3) increased the bonded indebtedness limit; 4) established eminent domain in the 691-acre added area for non-residential land uses; and 5) revised and updated various text provisions to conform to the requirements of the CRL. The eighth amendment enabled the Agency to improve its redevelopment activities and carry out its proposed projects so that it could eliminate the significant remaining blight within the Original Project Area and added areas.

The ninth amendment, adopted on October 7, 2003, by Ordinance No. 192.15, extended the time limits on plan effectiveness/receipt of tax increment by one year for the Original Project Area and the added areas as allowed by SB 1045 in response to the Agency's payments to the Educational Revenue Augmentation Fund (ERAF). The Agency is allowed to further extend the time limits on plan effectiveness/receipt of tax increment by two years for the Original Project Area and only the added areas adopted in 1979 and 1982 as allowed by SB 1096 in response to the Agency's ERAF payments made in fiscal years 2004-05 and 2005-06. Although the Agency has not yet adopted this SB 1096 amendment by ordinance, it is anticipated that the Agency will adopt the SB 1096 amendment ordinance prior to the adoption of the proposed amendment to merge Project No. 1 with the Great Mall Redevelopment Project as described below. Therefore, for clarification purposes, the SB 1096 amendment ordinance will be referred to as the tenth amendment to the Redevelopment Plan.

## PROPOSED AMENDMENT

The Redevelopment Agency of the City of Milpitas ("Agency") is proposing an eleventh amendment ("Eleventh Amendment") to the Redevelopment Plan, the sole purpose of which is to merge the Project Area with the existing Great Mall Redevelopment Project. No amendment is proposed to the fiscal or time limits or the boundaries of the Project Area. The fiscal and time limits stated in the Redevelopment Plan, as previously amended, for the Project Area shall remain in force as adopted.

The Redevelopment Plan is hereby further amended to include a new Part X to the Redevelopment Plan to read as follows:

X. (§1000) MERGER

Upon the effective date of the ordinance adopting the Eleventh Amendment to this Redevelopment Plan, and provided that the ordinance becomes effective amending the Redevelopment Plan for the Great Mall Redevelopment Project, the Milpitas Redevelopment Project Area No. 1 will hereby be merged with the Great Mall Redevelopment Project, collectively referred to as the "Merged Redevelopment Projects".

# APPENDIX C
# PLANNING COMMISSION'S REPORT
# AND RECOMMENDATION

**RESOLUTION NO. 499**

**A RESOLUTION OF
THE PLANNING COMMISSION OF THE CITY OF MILPITAS FINDING THAT PROPOSED AMENDMENTS TO THE CITY'S REDEVELOPMENT PLANS CONFORM TO THE GENERAL PLAN OF THE CITY**

**WHEREAS**, the Redevelopment Agency of the City of Milpitas ("Agency") has prepared proposed amendments (the "Amendments") to the Redevelopment Plans for Project Area No. 1 and the Great Mall Project Area which Amendments would effectuate a merger of the two project areas;

**WHEREAS**, pursuant to Health and Safety Code Section 33344.5, Agency staff and consultants have prepared a Preliminary Report which describes and analyzes the proposed Amendments, the existing conditions in the project areas, and the financial resources and projected revenue available to carry out redevelopment activities in the project areas;

**WHEREAS**, in accordance with Health and Safety Code Section 33346, the Agency is required to submit the proposed Amendments to the Planning Commission for its report and recommendations, including a determination as to whether the Amendments conform to the General Plan of the City of Milpitas ("General Plan");

**WHEREAS**, on August 1, 2006, the Agency authorized transmittal of the proposed Amendments to the Planning Commission;

**WHEREAS**, the Planning Commission has considered the proposed Amendments, the General Plan, and other pertinent reports and documents; and

**WHEREAS**, the proposed Amendments propose no changes to land use designations within the project areas.

**NOW, THÈREFORE, BE IT RESOVED** that the Planning Commission of the City of Milpitas does hereby resolve as follows:

Section 1. The Planning Commission hereby finds and determines that the proposed Amendments are consistent with the General Plan.

Section 2. The Planning Commission hereby recommends the approval and adoption of the Amendments. In the event that prior to its adoption of the Amendments, the City Council desires to make any minor, technical, or clarifying changes to the Amendments, the Planning Commission hereby finds and determines that any such minor, technical, or clarifying changes need not be referred to it for further report and recommendation, and hereby waives its report and recommendation under Section 33347 of the Community Redevelopment Law concerning any such change.

Section 3. The Planning Commission hereby authorizes and directs the Secretary of the Planning Commission to transmit a copy of this Resolution to the Agency and the City Council for consideration as part of the Agency's Report to the City Council pursuant to Section 33352 of Community Redevelopment Law, and this Resolution shall be deemed the report and recommendations of the Planning Commission concerning the proposed Amendments, as required by applicable provisions of law.

PASSED AND ADOPTED this 13th day of September 2006 by the following vote:

AYES:

NOES:

Approved:

Cliff Williams,
Planning Commission Chair

Attest:

Tom Williams,
Planning and Neighborhood Services Director

# APPENDIX D
# CITY COUNCIL RESOLUTION REGARDING
# NO PROJECT AREA COMMITTEE

## RESOLUTION NO. 7613

## A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS DETERMINING THAT A PROJECT AREA COMMITTEE IS NOT REQUIRED TO BE ESTABLISHED IN CONNECTION WITH THE MERGER OF MILPITAS REDEVELOPMENT PROJECT AREA NO. 1 AND THE GREAT MALL REDEVELOPMENT PROJECT AREA

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Milpitas Redevelopment Project Area No. 1 (**"Project Area No. 1"**) by Ordinance No. 192 on September 21, 1976 (as subsequently amended, hereafter the **"Project Area No. 1 Plan"**);

**WHEREAS**, the City Council originally approved and adopted the Redevelopment Plan for the Great Mall Redevelopment Project Area (the "**Great Mall Project Area**") by Ordinance No. 192.8 adopted on November 2, 1993 (as subsequently amended, hereafter the "**Great Mall Plan**");

**WHEREAS**, Milpitas Redevelopment Agency ("**Agency**") staff and consultants have prepared proposed plan amendments that would effectuate a merger of Project Area No. 1 and the Great Mall Project Area;

**WHEREAS**, Health and Safety Code Section 33385 requires the formation of a Project Area Committee whenever either (i) a substantial number of low- or moderate-income persons reside within a redevelopment project area and the redevelopment plan will authorize use of eminent domain for the acquisition of property on which persons reside, or (ii) the redevelopment plan contains one or more public projects that will displace a substantial number of low- or moderate-income persons;

**WHEREAS,** Health and Safety Code Section 33385.3 provides that if a Project Area Committee does not exist, and the agency proposes to amend a redevelopment plan, the agency is required to establish a Project Area Committee if the proposed amendment would either (i) grant the agency authority to acquire by eminent domain property on which persons reside in a project area in which a substantial number of low- and moderate-income persons reside, or (ii) add territory in which a substantial number of low- and moderate-income persons reside and provide the agency with authority to acquire by eminent domain property on which persons reside in the added territory; and

**WHEREAS**, the proposed amendments do not affect the Agency's or the City's authority to use eminent domain to acquire property, do not provide for public projects that will displace a substantial number of low- and moderate-income persons, and do not add territory to the project areas.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Milpitas as follows:

Section 1. The City Council finds that the formation of a Project Area Committee is not required because the proposed amendments do not affect the Agency's or the City's authority to use eminent domain, do not propose public projects that will cause displacement of a substantial number of low- and moderate-income households, and do not add territory to the project areas.

Section 2. The City Council directs the Agency through its staff and consultants to meet with residents, civic and business organizations, as appropriate to discuss the proposed amendments and to receive public comment from residents and members of those organizations.

PASSED AND ADOPTED this $1^{ST}$ day of August 2006, by the following vote:

AYES: (5) Mayor Esteves, Vice Mayor Gomez and Councilmembers Giordano, Livengood and Polanski

NOES: (0) None

ABSENT: (0) None

ABSTAIN: (0) None

ATTEST:

Mary Lavelle

Mary Lavelle, City Clerk

APPROVED:

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

# APPENDIX E
# EXAMPLE LETTER TRANSMITTING THE PRELIMINARY REPORT AND AMENDMENTS TO AFFECTED TAXING ENTITIES

# CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479
GENERAL INFORMATION: 408-586-3000, TDD: 586-3013, www.ci.milpitas.ca.go


August 3, 2006

John Guthrie, Finance Director
County of Santa Clara
70 West Hedding, 2nd Floor
San Jose, CA 95110

RE: Amendments to the Redevelopment Plans Merging the Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project

Dear Mr. Guthrie:

The Redevelopment Agency of the City of Milpitas ("Agency") is in the process of merging ("Merger" or "Amendments") the financial provisions of the Redevelopment Plans for the Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project ("Project Area" or "Projects"). The purpose of the proposed Amendments is to merge the Project Areas ("Merged Project Area") to revitalize the Project Areas through increased economic vitality of such areas and through increased and improved housing opportunities in or near such areas. The proposed Merger will help accomplish these objectives by, among other activities, enabling the installation along highway corridors of monument and digital message board signs in order to facilitate and increase the economic viability of the Great Mall Shopping Center, that will advertise public events and private businesses within the two Project Areas and other businesses in the Merged Project Area. The proposed Amendments do not change or add to the boundaries of the Project Areas or change any the financial or time limits of the Redevelopment Plans for the respective Projects.

On August 1, 2006, the Agency, by resolution, authorized Agency staff to transmit a copy of the proposed Amendments to all affected taxing entities as an information item for the purpose of facilitating consultations pursuant to Section 33328 of the Community Redevelopment Law (CRL). Enclosed are copies of the draft Amendments, which add a section to each of the Redevelopment Plans regarding merging the Project Areas. Furthermore, in accordance with CRL Section 33344.5, the Agency has also prepared and approved a Preliminary Report on the proposed Amendments, which is also enclosed. The Agency, over the next few months, will continue to transmit information to all affected taxing entities regarding the adoption of the proposed Amendments as required by the CRL.

If you have any questions regarding the proposed Amendments or would like to schedule a consultation meeting, please contact Diana Whitecar, Economic Development Manager at (408) 586-3059 or email her at "dwhitecar@ci.milpitas.ca.gov.

Sincerely,
REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS

Charles R. Lawson
Executive Director

Attachments: Proposed Amendments
Preliminary Report